Daily Report

Latin America

FBIS-LAT-89-169
Friday
1 September 1989

Daily Report
Latin America

FBIS-LAT-89-169 *1 September 1989*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Nicaragua's Daniel Ortega Meets With Castro *[Havana TV]* 1
Castro Elected First Delegate to CTC Congress *[Havana TV]* 1
Sentences Passed Down in Abrantes Trial 1
Tribunal Reaches Verdict *[Havana Radio]* 1
PCC Expels Defendants *[Havana TV]* 2
Havana Mounts Media Offensive on TV Marti 2
Government Plans Measures *[Havana TV]* 2
TV Journalists' Opinions *[Havana TV]* 9
Officials on U.S. Aggression *[Havana TV]* 10
Government Reports on Panama Situation 10
Duque Notes Cuba's Solidarity *[Havana TV]* 10
Noriega Remains 'Despite U.S.' *[Havana TV]* 10
L.A. Should Say 'Enough' *[Havana Radio]* 11
Rizo Alvarez Greets 140 Internationalists *[Havana TV]* 11
Varadero Oil Fire Blamed on Negligence *[Havana Radio]* 11

Caribbean Affairs

British Expert Cites Need for Penal Reform *[CANA]* 12

Antigua and Barbuda

Prime Minister Bird Signs Aid Agreement PRC *[CANA]* 12

Barbados

Roy Marshall Appointed High Commissioner to UK *[CANA]* 12

Grenada

Trial Judge Criticized in Bishop Murder Appeal *[CANA]* 12

Trinidad and Tobago

Senate Approves Value Added Tax Legislation *[CANA]* 13
GUARDIAN Critical of Racism in Politics *[CANA]* 13

MEXICO

* Possible Korean Investment in Oaxaca Minerals *[NOTICIAS 30 Jun]* 15
* Harsh Judgments Presented on Debt Accord 15
* Persistent Debt Seen *[EXCELSIOR 28 Jul]* 15
* Impact on Elections Viewed *[PROCESO 31 Jul]* 16

CENTRAL AMERICA

Belize

Close Results Expected in Monday Elections *[CANA]* 18

Costa Rica

Arias Condemns New Panamanian Government, OAS *[Buenos Aires REUTER]* 18
Foreign Minister Comments on Panama Situation *[ACAN]* 19

El Salvador

Opposition Agrees Government Willing To Talk *[San Salvador TV]* 19
Dialogue Efforts Criticized *[Radio Venceremos]* 20
Rivera y Damas, FMLN on Wounded Rebels in Mexico *[ACAN]* 20

Nicaragua

Ortega Announces Prisoner Release in Esquipulas *[Managua Radio]* 21
Announces Trip to Libya *[AFP]* 21
Government Extends Cease-Fire for 30 Days *[Hamburg DPA]* 22
UNO Leader on Contra-Sandinist Dialogue *[Hamburg DPA]* 22
Ferrey Returns 'With Grief, Without Glory' *[BARRICADA 29 Aug]* 22
Red Cross Conducts Census of Contra Prisoners *[Managua Radio]* 23

Panama

Noriega's Attorney Sends Letter to OAS Council *[LA ESTRELLA DE PANAMA 31 Aug]* 23
Solis Expects Solidarity From Nonaligned Countries *[Panama City Radio]* 23
Reportage on Possibilities for 1 Sep Government 24
PDC President on Possible Junta *[Panama City TV]* 24
PDC Says Noriega Preparing 'Coup' *[ACAN]* 24
Government May Be Announced 31 Aug *[Panama City Radio]* 24
Comptroller General Said President *[ACAN]* 25
Ritter Names New Officials *[ACAN]* 25
Details on Ritter News Conference *[Panama City Radio]* 25
Rodriguez Confirmed as President *[Panama City Radio]* 26
Noriega Comments on New President *[ACAN]* 26
Rodriguez Gives Acceptance Speech *[Panama City Radio]* 27
More on Rodriguez' Statement *[Panama City Radio]* 27
Provisional Government Ordered *[Panama City Radio]* 28
Council Issues Proclamation *[Panama City Radio]* 28
Council Names New Leaders *[Panama City Radio]* 29
Arias Wants Western Nonrecognition *[Hamburg DPA]* 29
Anti-Noriega Struggle Renewed *[ACAN]* 30
Perpetuation of Noriega Regime Noted *[Madrid EFE]* 30
National Holiday Declared 1 Sep *[Panama City Radio]* 31
Noriega Lauds Solis Palma *[Panama City Radio]* 31
Solis Palma on Government, Noriega *[Panama City Radio]* 31
ADOC Leaders Reject Government *[Panama City TV]* 32
New VP on New Government *[Bogota TV]* 32
Media Review of Political, Economic Situation 33
Ambassador to UN Comments on OAS Meeting *[Panama City Radio]* 35
U.S. Army 'Modernization Project' Reported *[LA REPUBLICA 29 Aug]* 35
CODEPADI Training Volunteers for Combat *[Panama City TV]* 36
Further on Defense Committees *[Panama City TV]* 36
Internationalist Brigade Vows To Defend Country *[Panama City TV]* 36
Radio Station Manager Explains 'Interference' *[Panama City Radio]* 37
Christian Democratic Party Condemns New Arrests *[Panama City TV]* 37

SOUTH AMERICA

Argentina

UK's Hunt Attends Meeting at Foreign Ministry *[TELAM]* 38
Cavallo: 'Important Phase' in Talks *[TELAM]* 38
Ordonez Comments *[Buenos Aires Radio]* 38
Menem To Deliver Speech at Nonaligned Meeting *[NOTICIAS ARGENTINAS]* 38
Cavallo To Attend Japan GATT Meeting in Nov *[DYN]* 39
* Rapanelli: Key Factors to Economic Recovery *[LA PRENSA 30 Jul]* 39
* Rapanelli's Projections Termed 'Utopian' *[AMBITO FINANCIERO 31 Jul]* 41
* End of Military Enterprises Seen Near *[AMBITO FINANCIERO 17 Jul]* 42
Request for War Criminal's Extradition Granted *[Buenos Aires Radio]* 43
Military Weapons Seized in Rosario 31 Aug *[TELAM]* 43
Embalse Nuclear Plant Starts Operations *[NOTICIAS ARGENTINAS]* 43
DYN Names Luis Humberto Perez New Chairman 43

Bolivia

Deputies Repudiate U.S. Ambassador's Remarks *[Madrid EFE]* 44
President Paz Zamora To Visit Argentina in Nov *[NOTICIAS ARGENTINAS]* 44
Interior Minister Views Antidrug Measures *[La Paz Radio]* 44
UK Donates Radio Equipment *[La Paz Radio]* 44

Brazil

Government Continues To Aid Colombia in Drug War 45
Minister on Border Control *[Brasilia Radio]* 45
Army, Police Take Action *[O GLOBO 31 Aug]* 45
Colombia Requests Extradition *[O GLOBO 31 Aug]* 45
Foreign Minister in U. S. for Medical Tests *[FOLHA DE SAO PAULO 29 Aug]* 45
Barroso Installed Army Appraisal Center Director *[O ESTADO DE SAO PAULO 30 Aug]* 46
Finance Minister Discusses Anti-Inflation Battle *[FOLHA DE SAO PAULO 29 Aug]* 46
Bank Auctions Bonds at Higher Interest Rates *[O GLOBO 30 Aug]* 46
* Lottery, Drug Profits Flow Viewed *[ISTOE 5 Jul]* 46

Chile

336 Arrested for Illegal Political Propaganda *[Santiago Radio]* 49
Former Political Prisoner Found Dead *[Santiago Radio]* 49

Colombia

Government 'Cautious' on U.S. Decision *[Bogota Radio]* 49
Government Continues To Combat Drug Trafficking 49
Leaders in Country, Not Panama *[Bogota Radio]* 49
'Treasurer' May Be Extradited *[Bogota Radio]* 50
Authorities Find Financial Center *[Bogota TV]* 50
Medellin Mayor Urges Dialogue *[Bogota TV]* 50
New Decrees on Judge Protection *[Madrid EFE]* 51
No Deaths After Imposition of Medellin Curfew *[Bogota TV]* 51
Rocket Hits Medellin Paint Factory; 4 Injured *[Bogota TV]* 51
Parties Survey Current Political Situation *[EL TIEMPO 22 Aug]* 51
2 Suspects Arrested in Galan Murder Case *[Bogota Radio]* 52
DAS Rescues Kidnapped Man; Held 84 Days *[Bogota TV]* 53
Talks Planned With Guerrillas 'Next Week' *[Bogota Radio]* 53

Paraguay

Spain Protests Release of Spanish Citizen *[ABC COLOR 31 Aug]* 53
Troops Search for Weapons in Alto Parana *[ABC COLOR 31 Aug]* 53
Senate First Vice President San Martin Dies *[ULTIMA HORA 31 Aug]* 54

Peru

Drug Cartel Leaders Existence in Country Denied *[Lima TV]* 54
Labor Ministry Reports End of Miners Strike *[Lima TV]* 54
New Justice Minister Installed 31 Aug *[Lima TV]* 54

Uruguay

Foreign Ministry Issues Communique on Lebanon *[Montevideo Radio]* 54

Venezuela

Military Said Helping Colombia in War on Drugs *[AFP]* 55
* Socialist Deputy Tablante Seeks Ibanez' Arrest *[EL NACIONAL 26 Jul]* 55

Guyana

Hoyte Holds News Conference on Suriname Visit *[CANA]* 56
No Agreement Reached as IMF Group Leaves *[CANA]* 57

Cuba

Nicaragua's Daniel Ortega Meets With Castro

FL0109121089 Havana Tele-Rebelde Network in Spanish 1100 GMT 1 Sep 89

[Text] Yesterday morning, [31 August] Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers met with Comrade Daniel Ortega Saavedra, president of Nicaragua, during a technical stopover in our country.

Castro Elected First Delegate to CTC Congress

FL3108145089 Havana Tele-Rebelde Network in Spanish 1700 GMT 30 Aug 89

[Text] Commander in Chief Fidel Castro has been elected the first delegate of the country to the 16th Congress of the Cuban Workers Federation [CTC] which will be held from 24 to 28 January 1989. The proposal was made by one of the 215 workers at the steelworks shop of the Antillana de Acero enterprise, who were the first in Cuba to meet to discuss the base document for the congress.

During the debate, several proposals were made. Among them was to proposal to use the work method of the contingents and to create shifts and brigades for youths by selecting those who are best qualified. The workers also stated they want to ensure the production of 400,000 tons of steel for this year.

During the meeting, it was also proposed that the congress analyze the use of a sanctions policy that would be in accordance with the policy on violations of work discipline, and that would involve the administration as well as the workers.

With regard to work incentives, it was stated that each center should come up with initiatives, since the incentives are associated only to the granting of a certificate or some other recognition.

In his concluding remarks, Pedro Ross, president of the commission that will organize the congress, said the meeting had been positive. He indicated that, in addition to the discussions, conclusions will be reached to correct deficiencies in each work center as was done in this first meeting. Thus, during the congress, not only will the 1,500 delegates participate, but the whole nation as well.

The workers of the steelworks shop of Antillana de Acero shared the debates with Pedro Miret and Jose Machado Ventura, members of the Communist Party of Cuba [PCC] Central Committee Politburo, and with Jose Ramon Balaguer and Jaime Crombet, secretaries of the PCC Central Committee.

Sentences Passed Down in Abrantes Trial

Tribunal Reaches Verdict

FL0109104089 Havana Radio Reloj Network in Spanish 0836 GMT 1 Sep 89

[Text] The Special Military Tribunal of Case No 2 of 1989 has given the following sentences: Jose Abrantes Fernandez, 20 years; Pascual Martinez Gil, 12 years; Roberto Gonzalez Caso, 10 years; Hector Carbonell Mendez, 8 years; Oscar Carreno, 7 years; Rolando Castaneda Izquierdo, 6 years; Manuel Gil Castellanos, 5 years. They will out carry out their sentences in Ministry of the Interior [MININT] penitentiary institutions.

Most of the accused were given a single joint sentence. This judicial term, as had already been explained by the president of the Supreme People's Tribunal during the special television program, does not represent the mathematical sum of the sentences, in years, for each crime committed. A single joint sentence, which was imposed on most of the accused, consists in that for all the crimes committed, the tribunal imposes a joint sentence which cannot be less than the the most serious term, nor can it exceed the total sum of what it can set for each crime. The maximum is 20 years, except when the crimes carry the death sentence, in which case the alternative would be 30 years, as stipulated in our penal code.

The tribunal's verdict indicates that Jose Abrantes was sentenced to 10 years imprisonment for abusing authority of post, 8 years for negligence in service, and 8 years for the inappropriate use of financial and material resources; he is being sentenced to a single joint sentence of 20 years.

Accused Pascual Martinez Gil was sentenced to 8 years of for abusing authority of post, 6 years for the inappropriate use of financial and material resources; and is being sentenced to a single joint term of 12 years imprisonment. Roberto Gonzalez Caso was sentenced to 7 years imprisonment for abusing authority of post, and 4 years for bribery; and he is being sentenced to a single joint term of 8 years. Hector Carbonell Mendez was sentenced to 5 years for abusing authority of post, 3 years for the crime of bribery, 1 year for illegal possession of firearms; and he is being sentenced to a single joint term of 8 years imprisonment. Furthermore, Carbonell was absolved from the crime of misappropriation. Oscar Carreno was sentenced to 4 years for the inappropriate use of financial and material goods, and to 4 years for the crime of bribery; he is sentenced to a single joint term of 7 years; and he was absolved of the crime of abuse of authority of post. Rolando Castaneda Izquierdo was sanctioned to 4 years of imprisonment for abuse of authority of post, and another 4 years for bribery; he was absolved of the crime of illegal possession of firearms. Castaneda Izquierdo is sentenced to a single joint term of 6 years imprisonment. Manuel Gil Castellanos is sentenced to 5 years imprisonment for the crime of bribery, and he was absolved of the crimes of abuse of authority of post and the illegal possession of firearms.

The accused also received additional sentences of loss of rights [privacion de derecho] for the same period of time as the main sentence imposed.

The accused Lieutenant Colonels Gil Castellanos and Castaneda Izquierdo received other additional sentences which consist of the demotion to the grade of private.

With regard to Division General Jose Abrantes Fernandez, Division General Pascual Martinez Gil, and Brigade General Roberto Gonzalez Caso, the tribunal proposed as an additional sentence that a request be made to the appropriate authority, through MININT, for the deprivation of their military rank and demotion to privates, as well as for the removal of all decorations and other titles of honor from all the accused.

The verdict also emphasizes that the appropriate organizations will be informed of the illegal crimes carried out by the persons who have been sentenced so that the law that was broken can be restituted. The articles that have been seized, and which are stored, will be confiscated in order to give them the greatest use from an socio-economic point of view.

PCC Expels Defendants

FL0109115789 Havana Tele-Rebelde Network in Spanish 1100 GMT 1 Sep 89

[Text] During a consultation meeting, members of the Communist Party of Cuba [PCC] Central Committee have given their opinion on the political, ideological, and ethical responsibilities resulting from the grave criminal acts announced to our people in a timely manner. Charges were brought against Jose Abrantes Fernandez and Pascual Martinez Gil and proven in the Case No 2 of 1989 filed by Special Military Tribunal. Both men have been sentenced.

The members of the PCC Central Committee unanimously agreed that the behavior that led to these shameful acts are, in principle, incompatible with the behavior of a party member and constitute a disloyalty to the people, the party, and Fidel. As a result of this, and in line with what has been established by the party statutes and rules, the PCC Central Committee decided to expell from the party Jose Abrantes Fernandez and Pascual Martinez Gil and, consequently, deprive the two of them of their posts as members of the Central Committee.

Havana Mounts Media Offensive on TV Marti

Government Plans Measures

FL3108161489 Havana Tele-Rebelde Network in Spanish 0100 GMT 31 Aug 89

["Open Agenda" program entitled "U.S. Tele-Aggression" hosted by Antonio Resillez with guests Jorge Gomez Barata, section chief of the Department of Revolutionary Orientation of the Central Committee of the Communist Party of Cuba, and Ricardo Alarcon de Quesada, vice foreign minister; date not given—recorded in studio]

[Text] [Establishing shot shows quote on screen reading: "The knife that is used in the name of freedom is stuck in freedom's chest, Jose Marti"] [Resillez] Comrade Alarcon, this concept of tele-aggression against our country and our sovereignty is not new. We know that, on more than one occasion, various U.S. Administrations, including the ones during the 1960's, have considered this possibility. Throughout the program we will discuss the peculiarities and origins of this project. However, right now, we would like to begin with the most recent actions. In this case, we would like to discuss this matter in light of the most recent information the Foreign Ministry has on this project.

[Alarcon] I would say that at the moment, everything seems to indicate that tele-aggression is going to be carried out sometime before the year's end. It is clear that the U.S. Administration is entirely committed to this project. It began in an embarrassing moment as a legislative proposal during U.S. Assistant Secretary of State Kozak's [Deputy Assistant Secretary of State for Cuba and Panama Michael G. Kozak] most recent declarations to the Senate. At this time, he expressed the Bush administration's commitment to this project. So, for this project not to be carried out, Washington would need a certain dose of reflection and wisdom. Unfortunately, this proves that if anything is lacking in Washington, it is wisdom.

The dominating characteristic in Washington is arrogance and a sense of triumph which gives them an irresponsible attitude. It also develops their aggressiveness against our nation and other countries in general. This is why I would say that we are on the verge of another U.S. attack, on the verge of a new battle, and it is good that this U.S. action once again confirms that we are ready for this battle and that we will carry it out in a firm, decisive, energetic, and consistent manner. This is what I would tell you with regard to the present situation of the television aggression project.

[Resillez] Comrade Alarcon, is there any information that is even more recent, perhaps a cable or newspapers or something, that would support your initial analysis?

[Alarcon] Well, it would have to be what the under secretary of state told the Senate, actually the House of Representatives. This was at a time when they were giving a presentation of their policies toward our country, which confirmed and reiterated U.S. aggressiveness. I would even say that this was an escalation of aggression because they were looking for new ways to attack Cuba, new ways to interfere in our affairs.

In a public manner—press releases and declarations by adventurers and people who benefit from these anti-Cuban policies—this project is, of course, always discussed. However, they do not offer many details nor are they very precise with regard to when this project will begin. This is because, after all, they know that this is an illegal action, an action, which we will prove in this discussion, separates itself from and contradicts international law. It even goes against U.S. legislation. Like the thief or delinquent who is planning an illegal action, they

are not able to give many exact details such as when they will begin, what channel they are going to transmit on, and so forth. This type of detail has not yet been publicly discussed, although there are some indications, some information, on this—that is, they are manifesting the arrogance of a person who thinks he can violate laws with impunity, as well as the discretion common to thieves and delinquents, people who cannot openly show their cards.

[Resillez] Obviously, very specific and strong technical and financial support is required to carry out this type of aggression—a television aggression. Undoubtedly, the U.S. Government, technicians, and counterrevolutionary organizations based in the United States have handled a number of technical ideas and plans in attempting to take the television signal a considerable distance. I understand this type of project is unprecedented in the history of current media. I believe this is the right time to include in our program an explanation of the technical plans the Americans are following to carry out this television aggression. We present to you excerpts of a conversation held by our work team with Comrade Carlos Martinez, director [of unspecified directorate] of our country's Communications Ministry.

[Begin Martinez video clip] The goal of attempting to transmit from southern Florida to our country is not common in terms of television broadcasts. Broadcast signals that carry television audio and video signals are subject to certain laws that make the transmission from such great distances very complex. Thus, the distance factor is influential because the earth's curvature gets in the way of the transmitter's antenna and the receivers. Because of this, the U.S. Government initially allocated a $100,000 budget out of the U.S. taxpayers money to make a feasibility analysis of this type of service. This analysis, which was ordered in May of 1988, yielded several possibilities for making a television signal reach Cuba.

The possibility of erecting a tower in the Florida Keys was explored. Its height was unfeasible. The use of ships was also considered. According to a specialist, the ship had to be located close to our coasts in order to beam a high-level signal to our country. The possibility of using an aircraft to transmit the television signal was also analyzed but it was ruled out apparently because of budget constraints. On the other hand, a number of analyses were made and it was concluded that the best way to conduct this aggression was through a stationary blimp and aerostat, which would carry a transmitter inside it. They estimate it to initially be some 10,000 watts. Of course, the use of the aerostat is considered to be high technology. The aerostat has only been used by the United States and other countries to cover areas in which it is impossible to reach certain coverage areas through conventional methods. Aerostats are used, for example, to place radar systems that can cover great distances from the altitude the aerostats are located. Undoubtedly, the use of aerostats for this service constitutes a very high technological level. As you can understand, an aerostat with 10,000 watts of power in its transmitter has a complex energy problem, among other matters.

It also has to be mentioned that the aerostat will need a high degree of stability. Weather conditions in the Florida Strait can complicate its stability quite a bit. According to studies, the aerostat's initial cost amounts to $23 million. This is a truly impressive figure considering the service it is intended for. Of course, this will be $23 million out of U.S. taxpayers' pockets. Nevertheless, cost figures do not seem to be very clear. We have read in some news cables that some donations or diversion of funds have been made to support this continuing goal of the U.S. Government.

It has even been said that the Defense Department donated some special stabilizers for the blimp. The blimp will be on a base in Cudjoe Key. Thus, a U.S. Navy base will be used for this purpose. Lately, they have said they are going to use the Fat Albert blimp they are using there for various purposes now. [video shows computer graphics showing how transmissions will be conducted using earth station and blimp] Therefore, the use of the blimp constitutes a very great technological force.

At the same time, a complex operation will be needed to take the signal from the studio to the transmitters located in the blimp. The signal would leave the studio through a coaxial cable, then go by microwave [link] to an earth station, the station in turn relays it to a satellite, the satellite relays it to another earth station in Cudjoe Key, and from there an earth relay station will take the signal to the television transmitter that will be located in the bottom, or gondola, of the dirigible.

In addition, there are other problems such as the location of the antennas. They have reported that the bandwith they are going to use is the VHF [very high frequency] band, which includes channels from 2 to 13.

[Martinez continues] Of all the bandwidths, these frequencies require the largest antennas to transmit. To make certain that the signals are not broadcast backwards they say that there must be a high-level technical solution for the antennas, because the blimp is 4,000 meters up for us. However, it is also 4,000 meters up for them. Undoubtedly, this will cause some signals to be directed toward the United States and this will, evidently, disrupt television services on that channel throughout the State of Florida. [end video clip]

[Resillez] Gomez Barata, the financial aspect of this project is, undoubtedly, considerable. The cost of the project would reach figures that, of course, correspond to contributions made by average middle-class U.S. citizens. How have the Reagan and Bush administrations—on what have they budgeted themselves—obtained financing for the tele-aggression project, and how much is the project costing at present?

[Gomez Barata] The financing for this tele-aggression project against Cuba is, we could say, a dark chapter in

the legislative debates in the United States. There have been a series of processes for the approval of the financing of this project, a project which is obviously fairly expensive.

The first step was in 1987 when a $100,000 budget was approved to carry out feasibility studies. A year later, that is to say in 1988, $7.5 million were approved for operation and installation expenses during a 3-month test period. This step cost them $7.5 million. In 1989, the budgets were approved for 1990 and 1991. These last two are pending—that is, they are frozen, they are pending the U.S. President's statement saying that the television signal can reach Cuba with clarity and in a strong and stable manner. Here we have to note that there is an irregularity: They have given money for a project which has not yet been approved by U.S. legislation.

I was telling you that there are irregularities in the approval process for the financing of this project and this is because it has gone through a crooked process. We could say, to speak in everyday language, that they even cheated in this process. The approval process for the first $100,000 to carry out feasibility studies, and later again during the approval process for the $7.5 million.... [changes thought] To give you an example, these $7.5 million are a readjustment of the USIA's budget, who had this money allocated for a Voice of America transmitter that was going to be aimed at the PRC from Thailand. What did the VOA do? It canceled this investment and passed this budget to the tele-aggression project against Cuba. If you want an example of how this matter was handled, we would have to say that now, during the recent events in the PRC, the VOA realized that it in fact did need this transmitter to use for radio broadcasts against the PRC and it, again, obtained that money. So, in the United States, money was given twice for the same VOA transmitters in Thailand.

This last action—approving a budget, or assigning a budget, to a project that has not been approved by the Senate—is unusual. What's more, going a little further, we could say that there is evidence not just in the area of budgets. There are even confessions by U.S. politicians and congressional leaders, which reveal that in the approval of this anti-Cuban project, mechanisms of the legislative decisionmaking process have been altered. For example, this project—which has military, judicial, and foreign relations components—has never been studied by any of the respective subcommittees. In other words, it has not been reviewed by the Armed Services Committee, the judicial committee, nor any committee that has to do with this. It is their duty to stop a project of this nature.

So, as I was telling you earlier, this project has been debated in a crooked and dishonest manner. This is proof of how, in the high-ranking circles of U.S. politics, the congressional decisionmaking process in the United States, at least in this case, is guided by typical political wheeling and dealing.

[Alarcon] I think there is a good example that illustrates this crooked and disrespectful character related to the interests of the United States surrounding this whole exercise. As Martinez was explaining, the technology they will use, their method, is the famous aerostat they are going to raise. This aerostat has an actual use, it is part of the U. S. mechanism to disrupt or stop drug-carrying planes from entering U.S. territory.

A few months ago, the U.S. Comptroller told Congress that even though the United States spends $1 billion on this project—specifically to try to control and stop drug-carrying planes from entering the southern part of the United States, namely Florida—they are not even able to capture or stop, according to their figures, 10 percent of the drugs smuggled into the United States.

Nevertheless, this being the problem that most worries the United States.... [changes thought] A U.S. poll recently showed that the problem that most Americans are concerned about is drug consumption. This is a fact that was shown on U.S. television. The other fact is that $1 billion has not enabled them, with all their aerostats and equipment, to control more than 10 percent of the drugs smuggled into Florida. Would a government that is even remotely responsible consider removing one of those aerostats, one of those blimps from their drug-interdiction activities and dedicate it to this aggressive hoax against Cuba? Does this not show the slimy character of the political machinations against us, as well as against the U.S. people? In other words, this government is more interested in counterrevolutionary poison and aggression against Cuba than in the cancer affecting the U.S. population—drugs. However, the people of the United States do not feel this way. The people of the United States feel that their first problem is drug trafficking in their country.

[Gomez Barata] Look, Alarcon, in that sense, there are many U.S. politicians who oppose this project. They say that this project is not in accordance with U.S. policy. This is a venture that does not coincide with present U.S. policy and it does not coincide with foreign and domestic U.S. policy. This is a venture that is different from U.S. national interests.

[Resillez] Gomez Barata, going back to the financial aspect of this, you were referring to some initial figures. We know that those figures have been increasing. Do you have any recent information on how much money the average U.S. citizen is contributing to this aggression against our sovereignty?

[Gomez Barata] Well, seen in its entirety, total financing for this project—when the United States finally does get a television signal into Cuba—should cost them much more than $100 million. They have approved $100,000 for feasibility studies, $7.5 million for the 3-month test period, and $32 million to finance operation costs in 1990 and 1991. All of this does not include programming. Programming will cost them some $30 million.

These are the public expenditures, by this I mean expenditures that have been made public.

In U.S. politics you cannot deny, especially considering how this financial aspect was handled, that there are other funds unknown to the people that contribute to this. The funding problem is that the U.S. contributors are giving money to something they are not interested in and that does not coincide with their interests as citizens and people, and, above all, to something they know nothing about. If you keep in mind how much publicity this plan, this anti-Cuban project has received—there have been a couple of articles in papers, some television fragments—the U.S. public, the U.S. contributor, the people who are giving money and, to a certain degree, are risking their security with a foreign policy project such as this, have not received convincing information on this matter. The U.S. public is being manipulated. The U.S. contributor is acting with complete ignorance of the essential objectives pursued by the administration with regard to this project.

[Resillez] I would like to stress that it is not just a matter of ignorance with regard to objectives, it is also a matter of severe ignorance that could bring about a new attack against Cuba.

Definitely, establishing a television station like this is also a judicial matter. Nationally, countries that have this type of communications system—television in this case—have a series of domestic and national regulations that serve as a guideline for the fundamental aspects of television broadcasts.

In international terms, there are also a series of documents, a series of agreements that were signed in specialized organizations. Many countries signed them, Cuba and the United States among them.

At this time, I would like to read two examples that back up this assertion. The first one is an international document. The highest legal instrument regulating international communications is the International Telecommunications Agreement adopted in Nairobi in 1982. It rules the airwaves worldwide. This agreement was signed by 130 countries, Cuba and the United States among them.

All the signatory states of this document are forced to comply with this document. One of the paragraph's of the agreement's preamble says: [The document gives] full recognition of the sovereign right of each country to regulate its telecommunications, taking into account the increasing importance of telecommunications in safeguarding peace and the social and economic development of all countries. This is in the international arena. Now, in the U.S. domestic arena, stated in Paragraph F on the law of television transmissions to Cuba submitted to Congress this year is a very singular matter which says the following: According to international law, the broadcast of this service—in other words, this television aggression—should be conducted complying with the UN International Telecommunications Agreement, the attached radio regulations, and other appropriate laws and treaties. The Federal Communications Commission will monitor the operations of the television broadcasts to Cuba in accordance with Section 703. If as a result of this monitoring or the complaint of any foreign person or nation, the U.S. FCC establishes that the transmission of the service violates the International Telecommunications Agreement or radio broadcasts, it will proceed to cancel this service.

Regardless of the fact of what we were saying at the beginning about this being a legal matter, in addition to the assessment we can make in the studio at this time, we have the opportunity of hearing the objective and well-documented assessment Dr Olga Miranda, director of Legal Affairs Directorate of our Foreign Ministry, has made for the "Open Agenda" program.

[Begin Miranda video clip] Among its goals and objectives, the UN Charter notes the responsibility of all member states to refrain, in their international relations, from using threats or force that in any way is incompatible with UN objectives. One of these objectives is precisely related to the development of relations and respect for the principle of equal rights and self-determination of the peoples.

In 1970, the 25th Session of the UN General Assembly approved the declaration related to international law principles regarding relations among states. One of these principles is related to the duty of noninterference in matters that are under the internal jurisdiction of states. Consequently, no state has the right to interfere directly or indirectly, regardless of the purpose or reason, in domestic or foreign matters of any other state. Therefore, it does not refer only to armed intervention but to any other form of interference or threat that attacks the the personality of the state; its sovereignty; and its political, economic, and cultural elements. All this constitutes a violation sanctioned by international law.

In the telecommunications area, which is the medium the United States has used to carry out a new attack on our country, it is established that the states that are part of the International Telecommunications Agreement will respect the observance of the rules they agreed on. The United States is part of the International Telecommunications Union and of the 1982 Nairobi agreement. Therefore, it is obliged to comply in good faith with the dispositions of the treaty, which is also a principle of international law. Telecommunications, in line with this agreement's definition under No 2015, is any transmission or reception of signals, signs, sounds, information of any kind carried through cables, electric power, optical mediums, or other electromagnetic means. Consequently, all sound, television, or any other type of stations are regulated within the radio broadcasts or radio communications concept.

The U.S. plan specifically violates the letter and spirit of the Nairobi agreement, the fundamental principle of

which is the right of all states to regulate their communications. In addition, it stresses the increasing importance telecommunications have in the service of safeguarding peace and cooperation among states. Specifically, this project violates Section No 175, which states that all member states of the union and the Nairobi agreement are obligated to fulfill the agreement's dispositions and its administrative regulations—the one on radio communications among them—in all its offices or stations. They cannot cause interference which is harmful to other countries' services. It also violates Section No 158 because there is the duty of not causing interference that would damage communications of other member states. I repeat, it is not only a duty of not doing but also of doing, whereas Section No 160 notes the duty of member states of implementing measures to prevent this interference.

Specifically on a television bandwidth, Section No 2666 on the rules of radio communications is also violated. This section establishes that a television station cannot go beyond the state's borders. Therefore, its frequency, its power has to be regulated in such a way that it does not go beyond its borders. Television is a domestic signal, therefore, if it is seen beyond the state borders it has to be a result of a specific agreement between states. It is not an exclusive and interfering right of a single state.

This anti-Cuban television project is extremely dangerous because it would establish a harmful precedent. The international community has become aware of this idea created by the United States against our country and is concerned over the effects it could have as it would establish a dangerous precedent. I have here in my hands some statements made by international and nongovernmental organizations, and figures. I am going to refer to the latest one issued by the nonaligned countries not long ago, at the beginning of August. During the intergovernmental conference for the coordination of information and communications, it demanded that the Yankee anti-Cuban television project be canceled. It considered it as an attack on our country and an inadmissible precedent for other states.

I am going to cite a paragraph of this resolution which is extremely important to understand the magnitude of the violation of international norms by this Yankee, anti-Cuban television project. Part of this resolution says: The establishment of radio and television systems exclusively designed with subversive purposes against nonaligned countries constitutes an act of interference in the domestic affairs of those states. [video shows caption reading: "A lot has to be feared, a lot has to be avoided, a lot has to be reviled in the selfish and harsh U.S. civilization, Jose Marti"] [end video clip]

[Resillez] Comrade Vice Minister, what international, regional, or other repercussions could this new U.S. aggression have in regard to our sovereignty or any other area?

[Alarcon] Well, as Olga just explained, it is a complete violation of international law. As you were saying at the beginning of the program, undoubtedly, it is one more step in the policy of aggression that seven U.S. presidents—this is the eighth one—have applied against our country. Therefore, it is also an attack on Cuban sovereignty. Logically, Cuba has the right to legitimate defense. Cuba is going to exercise this right without hesitation. It will be good if the Americans learn—since they talk so much about freedom of information, of the flow of ideas, and news, etc.—something we have clearly explained in a discrete way, through diplomatic channels. This aggression will not go unanswered. This aggression will cause in our people and government a reaction of rejection, of a strong and firm response using means we consider appropriate. Those means exist. It would be a terrible blunder for the United States to imagine it can also carry out this attack without receiving a reaction from our part that they would have to regret. In the response we may give to this new attack, obviously situations may be created that complicate relations, not only between Cuba and the United States, but also it affecting even third parties.

It should be made clear that in view of this aggression, the bilateral situation between Cuba and the United States—the problems that exist between the two countries and the possibilities for improved relations, enlightenment, and solutions to these problems—will be profoundly damaged. The United States should not fool itself in this respect. A period would begin where, despite the bad relations that already exist, relations would deteriorate even more. We would inevitably get involved in a larger confrontation that has been provoked by the United States.

This is why I think it should be made clear that, first of all, Cuba will take this for what it is: an unjustified attack, a totally illegal and inadmissible attack to which it will respond with all the rights belonging to the one being attacked. The bilateral, regional or international consequences that result will be the exclusive responsibility of the only country that is at fault, the only one that is responsible for this: the U.S. Government.

[Gomez Barata] Alarcon, you were mentioning something I think is very important and something that, I think, Cuban public opinion, as well as U.S. public opinion should be clear on. I am referring to your statements on the free flow of information and the free circulation of ideas. This project has absolutely nothing to do with this. What's more, this project is a flagrant contradiction of those ideas which, by the way, are ideas that came from transnational organizations and the ones that control them.

Recently, for example, we were visited by—I do not know if you remember the visit—UNESCO Director General Federico Mayor Zaragoza. We explained, in great detail, the U. S. pretentions, and Mayor Zaragoza, who is in favor of free flow of information—he is in favor of this philosophy which is not shared around the world—admitted that this type of project has nothing to do with the free flow of information. An idea of this

nature has nothing to do with the ideas held by UNESCO and other international organizations on the free flow of information.

This is because this project is imposing, it is curtailing Cuban sovereignty, it is illegally occupying one of our local television channels and it is entirely contradictory to any idea of this nature.

[Alarcon] The best proof is, you explained this to me before, the way this project has evolved. The corresponding commissions have not discussed it and there has been no open debate on this in the United States. I mentioned this business of transferring an aerostat that, along with many other aerostats, has not been able to reduce the United States' worst problem by more than 10 percent. Who would think of taking away resources from the U.S. drug-trafficking effort to give to this? Has this been discussed with the people of the United States? Have their opinions been polled? Of course not! How many people in the United States know of this project? Are they aware of its characteristics and its consequences? Where has the opinion of the people been shown in U.S. media? It is almost impossible to find it. It is almost a covert operation because they know it is an illegal action that cannot be openly discussed in their country or anywhere else.

[Resillez] Perhaps we should clarify at this point if there is any precedent, with regard to mass communication, to this aggression. Could a relationship be established between this situation and the one that exists between the FRG and the GDR where, as we all know, the channels converge in those countries? Is there anything that resembles this type of television attack in the history of modern communications?

[Gomez Barata] No there is not. Among the characteristics of this U.S. venture is that there is no precedence for this. Up to now, no country or state has consciously come up with the sick idea of establishing, in a constant manner, programming from one country, financed by one government, to audiences in other countries. This is not the case that is seen in Europe or in countries that share a common border. In those countries one nation's programming can be seen in a neighboring country as a result of the signal's spillover. This is not the same as the situation in the FRG where their television is seen in the GDR and vice versa. Also, this is programming in German, the Germans prepare this programming for the Germans in the FRG and, as a result of spillover and perhaps because they consciously want it to, this signal is seen in part of the GDR.

Ours is a different case. This programming is in Spanish, it is financed by the U.S. Government, and has political purposes. It is intended to destabilize and it is aimed exclusively at a Cuban audience. This type of action in world telecommunications has no precedent.

With regard to international relations, perhaps the most carefully regulated area is telecommunications. There are very detailed regulations regarding frequencies, channels, and transmitter strength so that radio broadcasts are possible.

If regulations were not so exact and strict—as they are in the United State where the radio stations are limited to a certain power, a certain power during the day and another one at night with perfectly well-defined frequencies—if these regulations did not exist, radio broadcasting would be completely impossible.

On the other hand, consider the fact that international television does not exist because of the peculiarities of television services and their technical demands. There is no international television. The fact that satellites beam television signals and can be received in various countries does not make it international. You can receive a television signal from the United States, the UK, or FRG if you buy a special attachment, a satellite dish, or the like. But in this case, there is a will by the receiving person who has even bought special equipment especially designed for it and can receive the signal in this way.

This other service the Americans want to impose on us is a service that can be received—or attempts are being made to have it received—by the regular television sets the citizens have without the need for special attachments. In addition, as it was said earlier, it plans to use one of the local channels.

This is why, and with good reason, this project has been called a true electronic Platt Amendment. If this project is carried out, we would have a situation in terms of the radio-electronic space of Cuba like the one we have in Guantanamo in terms of territory—that is, a Cuban channel, a local channel used to service our population would be occupied by a U.S. signal. In fact, the United States is attempting to turn Cuba into a country with limited sovereignty in terms of communications. This is where the essence of the aggression lies. This is where the element of violating Cuban national sovereignty lies, as Alarcon mentioned. This is in no way a fortuitous or intentional instance in which U.S. television in English made for Americans is seen in our country. This is an aggressive design, a political design, a special design with absolutely unjustifiable goals because it has no cultural or political component that could justify it. Evidently, we are faced with aggression, there is no doubt about that. From a judicial and technological point of view, it has been proven that this is an aggression against our sovereignty.

Comrade Alarcon was referring, just a few moments ago, to the international repercussions that this could cause, whether they are regional or nonregional. Gomez Barata, every time we have faced an aggression, as we said at the program's beginning, Cuba has always prepared itself and responded. Cuba has responded to these aggressions in a suitable way according to the time and the type of aggression that comes from the U.S. Government. How are we, as a nation, preparing ourselves to repel this aggression, to neutralize it, technologically or any other way?

[Gomez Barata] Well, Resillez, this has been stated before. Throughout this project's history we can trace how the United States has been creating a crisis with regard to bilateral relations. Alarcon already referred to this. We cannot—as our own country, revolution, and people—tolerate this invasion and occupation of our radio space. We cannot tolerate this limitation of our sovereignty.

In light of this—keeping in mind that this is an attack, that we are dealing with a violation of our sovereignty—while the United States prepared its project, we always explained our actions to our people and we assembled a group of measures that would permit us, under every possible way, to confront this.

We—the Cuban Government, the Communist Party of Cuba [PCC], and the people—would like, as Ricardo [Vice Foreign Minister Ricardo Alarcon] was saying, common sense to guide the United States. We would not like this project to be carried through or even started. The United States can still do this, they can cancel and definitely call off this project.

Well, we will always take suitable measures, according to the nature of the attack. We will take measures of a technological, political, and diplomatic nature. Everyone can see how this type of situation starts if there is no common sense or sense of responsibility on the part of the U.S. leaders and promoters of this project. It is difficult to foresee how this will end. I can tell you that our first effort—and the United States knows this as well because they have said that it can be done—is to make certain that this programming is not seen in our country. This is to say, the approximately $100,000 they have spent, the aerostat, and their display of high-level technology used in this project—which in short will turn out to be a grotesque freak—will not prevail. We will do everything possible, and we are—Engineer Martinez was explaining this....

[Resillez, interrupting] Forgive me for interrupting you but, we would like Engineer Martinez to come on our program again to give us a detailed explanation of the requirements needed and the possibilities we have in our effort to annul this television attack, so that our people know. We want him to tell us, in a rigorous manner, where we stand. I think we can show another fragment of the interview we had with Engineer Carlos Martinez, director of Cuba's Ministry of Communication [title as heard].

[Martinez] We have to say that television signals are very complex radio signals because they carry audio information, which comes in modulated frequency, as well as video information that is accompanied by a synchronizing signal that permits the formation of the image on the television monitor. We did various things. We developed technology with very common components. We developed a piece of equipment that can be installed anywhere. This piece of equipment is very small and, of course—taking into account all of the enemy's options in carrying out his aggression—this technology is capable of working on any television frequency.

[Resillez] Gomez Barata, with respect to this, are there any other measures that can be taken?

[Gomez Barata] Yes, of course. There is a group of measures that can be taken. We, our country, have developed measures to counteract every situation that can arise during every single step of the project. We even have measures to deal with the possible U.S. responses to our counteractions. You know, the United States could use various alternatives. They have talked about this, but we have measures for them as well. Some are political measures, others are diplomatic, and, of course, there are no small countries regarding the matter of radio transmissions. We always have the option of using a contentious radial. The United States knows perfectly well our capabilities to transmit radio programs on medium-wave frequencies. They have had some proof of this, and we, as Alarcon was saying, with the legitimacy that accompanies the ones being attacked, can always use those resources. The United States should keep in mind that, for better or worse, they are just as far from Cuba as Cuba is from them. This means that it is not out of the question for Cuba to transmit television programs to the United States.

[Resillez] Comrade Alarcon, in your personal opinion, what impression, what awareness does the average U.S. citizen—you who have been our foreign vice minister, who know very well the idiosyncracies of the country—have of this attack on our sovereignty which appears to be imminent?

[Alarcon] Resillez, I believe this is an interesting question. The problem is that the average U.S. citizen, the vast majority of the U.S. population simply ignores what is happening. It is something the U.S. Government promotes in favor of the development of freedom of information, etc, but begins by hiding the truth from the U.S. people. It manipulates information given to its own people. They know very little about this project.

Before going back to this subject, I wanted to add that there is an aspect of international repercussion which cannot be underestimated. If an attack such as this one can be carried out by a superpower with great technological, financial, and other means against a Third World country, any other country could suffer the same consequences in the future. This is why there has been rejection and international solidarity with us regarding this subject.

By doing this, the United States is violating international law. I would say, it is violating basic principles of its own society by hiding what is doing from its own people. It is also acting in a way that completely lacks not only legality but also moral values.

We have to ask a question—which I believe is very important and with which I will respond to the one you made. What will they attempt to throw at us with this

television aggression? What are we talking about? What kind of television are we talking about? Will it be something that will truly benefit a human being, increase his culture, promote healthy entertainment? Is that what they are going to send us? Let's see what the American people think.

The American people have great concerns. They have some that are of top priority, the ones that attract the greatest attention of the people of that country. The first ones are crime and violence. In drug-related crimes alone, violence caused the death of 372 people in Washington, D.C., the U.S. capital, where senators and representatives meet to take decisions against Cuba and other countries. Over a person a day dies of drug-related crimes and violent acts alone. Of course, there is much more violence and there are many more deaths in that country. The subject is of such concern that lately the U.S. has focused its attention on it.

Very good examples are given by U.S. publications recently. They illustrate very well the garbage they would attempt to impose on our people with this television aggression. According to U.S. studies, a child has watched 200,000 violent scenes by the time he reaches 16 years of age, including 33,000 murders. I was making some estimates before coming to the program and I realized that—assuming that he is watching U.S. television from the time he is born, from the time he leaves his mother's womb, a child sees over 32 violent scenes and over 6 murders each day.

This is what gives the American people an opinion of the quality of their television. One of the studies published in the United States, referring to criminality and the causes of violence—especially of juvenile delinquency—included the opinion of the U.S. people gathered through a poll that was published in the United States a few weeks ago. Regarding the causes of crime, of juvenile delinquency, 67 percent attributed it to U.S. television. So, this is the garbage they are arrogantly trying to disseminate throughout the world, what 67 percent of Americans consider to be the main cause of their biggest social problem. Some 73 percent believe U.S. television needs to be changed so that they can be spared from the scourge that is affecting U.S. society.

Therefore, the United States does not have the slightest authority, legally or morally, to develop an attack such as this one. Our country has plenty of reasons and plenty of moral arguments to confront such an attack, and resist it by all means.

[Resillez] Undoubtedly, I believe this program has presented very concrete information. However, more matters could still be dealt with. The Cuban television news services, in coordination with our Foreign Ministry and PCC officials, will bring them to you in the next few days. We do not want to stray from the last words mentioned by Comrade Alarcon and close our program with a Simon Bolivar quote that comes to mind. Instead of quoting it by heart, we would like to show our television viewers the text. Thank you very much. [caption reads: The United States seems to be destined by providence to plague America with miseries in the name of freedom.]

TV Journalists' Opinions

FL3108191489 Havana Tele-Rebelde Network in Spanish 1700 GMT 31 Aug 89

[Text] Cuban news service reporters have given their opinion on the stateless television station with which the U.S. Government is trying to again attack Cuban sovereignty. The news reporters of Tele-Rebelde express their repudiation. [Caption reads: Television journalists give their opinion]

[Begin recording] [Unidentified reporter] Agusto, what is your opinion of this tele-aggression against our country?

[Reporter No 1, identified only as Agusto] The expressions of imperialistic prepotency are normal. Our people are aware of them. However, this one, which is using television broadcasts against the Cuban revolution, is one of the most stupid. Fidel said that our people would not just sit back and take it; and we, the revolutionary journalists, will be in the first ranks.

[Unidentified Reporter No 2] [passage indistinct] The United States is using the name TV Marti, knowing very well what Marti wrote about U.S. administrations. It is the same thing that Bolivar termed as the imminent violations of the sovereignty of Latin American countries by this empire of the North. How could they call their aggressions...[changes thought] They have already carried out aggressions against the sovereignty of Panama. They are doing the same thing against the sovereignty of Puerto Rico. They even deny a state for the Palestinian people. They help all the counterrevolutionary movements in the world. This is the essence of television aggression.

[Unidentified Reporter No 3] It is the shameless intervention of the United States into the internal affairs of Cuba. Last night we were watching the program. Something was said in the program which is very interesting. That was the large amount of money that is being used by the U.S. State Department, the U.S. Government. Millions of dollars are being used for this television station against Cuba. That money could be used for more noble causes. It could be used for Third World countries which we all know exist in subhuman conditions, and which have a large foreign debt. Nevertheless, the United States is investing these millions of dollars in a television station against Cuba.

[Unidentified reporter No 4] Look, anything can be expected from the U.S. Government. There is a fundamental difference between what we do and what they do. We work with the truth. They manipulate information according to their best interests. What I can tell you is

that, as the word implies, this is an aggression against our country. However, our people will neither accept it nor allow it. [end recording]

Officials on U.S. Aggression

FL0109023989 Havana Television Service in Spanish 0000 GMT 1 Sep 89

[Text] In reference to the television aggression against our country by the U.S. Administration, a National Television Newscast crew interviewed Juan Hernandez, vice president of the Cuban Institute of Radio and Television [ICRT].

[Begin recording] [Hernandez] All this violates what has been legally established. They [not further identified] know this perfectly well. They will be subject to everyone's criticism and they should be aware of the danger this could cause. This could create a television precedence for many countries.

They know this is a violation because international organizations have protested it. Statements have been made against it by organizations in the United States, as well as by many radio and television organizations throughout the world.

We must add that, in this confrontation, television workers are the first to feel attacked. We are the first ones to feel attacked. We have been given the responsibility for television in this country, so that our people can have television. I think that we are the group of people that feels they have been attacked the most. The attack is on our work. It is intentional. We feel responsible, responsible for being the first ones to denounce this aggression as strongly as we can, wherever we can, so that we can make it known what this means for the country.

Sometimes we are asked: If the television signal enters our country, what will Cuban television do? There is only one answer. I think that television will do what it has to do, whether or not a signal is received in Cuba.

[Unidentified reporter] Thank you very much for your remarks for Cuban television and, especially, for the Cuban people. [end recording]

Government Reports on Panama Situation

Duque Notes Cuba's Solidarity

FL3108221889 Havana Television Service in Spanish 0000 GMT 31 Aug 89

[Text] The term of the current Panamanian Government ends on Friday [1 September]. On that day, an administration, which has not yet been named, will assume control of the country.

While government supporters want a transition government comprised of extensive political representation, the pro-U.S. opposition continues to insist on its so-called victory in the annulled elections of last May. The constant provocations against the Panamanian population by U.S. troops stationed in the Canal is another factor in this complex situation.

Nevertheless, upon being interviewed by our special correspondents, former presidential candidate and leader of the government Democratic Revolutionary Party, Carlos Duque Jaen, expressed his confidence over the future of his country.

[Begin Duque Jaen recording] I feel optimistic. I know that the threats, pressures, and economic measures are gradually increasing. That is why we appeal so often to the solidarity of the Latin American peoples. That is why we are indebted to the noble Cuban people who have always expressed their solidarity with us because they are aware of the problems the Panamanian people are experiencing.

Despite those manifestations and demonstrations of brute force, Panama will still keep going forward. Panama will go forth with much dignity. You asked me about the Torrijos project [not further identified]. No one makes highways or roads to go backwards. You always go forward. The goal of the Torrijos project is to progress and that is our objective; we will always forge ahead, despite all our adversities. [end recording]

Noriega Remains 'Despite U.S.'

FL3108135089 Havana Tele-Rebelde Network in Spanish 1100 GMT 31 Aug 89

[Text] Panamanian Foreign Relations Minister Jorge Ritter has denounced in statements to the press that the United States is trying to use the calling of an urgent OAS meeting to justify a possible armed intervention in the isthmian nation. He said that Washington is trying to hide its goals of aggression against Panama by centering the argument and debate of the OAS meeting around General Noriega.

At the same time, a few hours before the taking of power of the new Panamanian Government, rumors and commentary prevail in the country about who will lead the destiny of the nation. During the last few hours, one version which has become strong is that the current minister in charge of the Presidency, Manuel Solis Palma, will continue in the post. The General Staff of the Panama Defense Forces had a meeting yesterday [30 August] in which it is believed that the formation of the future government was discussed.

What no one doubts is that General Noriega will continue as the head of the institution of the Armed Forces, despite U.S. threats and provocations.

L.A. Should Say 'Enough'

FL3108184089 Havana Radio Rebelde Network in Spanish 1700 GMT 31 Aug 89

[Station Commentary]

[Text] The situation in Panama has become extremely critical during the past few hours. Never before has the danger of a U.S. military invasion been so possible. What's more, that criminal unilateral action by the United States is considered as almost certain. All indications point, unequivocally, toward this conclusion. If the governments of Latin America and the world remain quiet while this goes on in plain sight, nobody will be able to talk about peace to the people in this part of the world.

What is happening in Panama cannot be considered an isolated matter with regard to the future of Latin America and the Caribbean. If the empire's vandal-like lashing is carried out, no country in this hemisphere will have the certainty that the same thing would not happen to them next. In two words, Latin American and Caribbean leaders will have mortgaged, not only their people's destiny, but their hope as well.

It is time to call for an end to the empire's interventions and policies of force against the countries it is slowly bleeding to death every day. It is time to build a fence to stop their miserable tricks from succeeding, tricks the empire has always used to justify its aggressions in this continent.

For the past 2 years, the United States has been trying to impose a government in Panama that would favor their strategic interests. Washington has depleted all of its aggressive ploys; now, the only alternative they have left is military intervention. Our elemental duty is to not leave the Panamanian people alone in this important crossroads in their history. The key word is, maximum solidarity with this Central American nation to dispel the crime that is pending over it.

Latin America should work for Latin America. Latin American problems should be solved by Latin Americans. We should say enough to the imperial guardianship that has caused so much bloodshed, misery, suffering, and death in our nations.

Rizo Alvarez Greets 140 Internationalists

FL3108125689 Havana Tele-Rebelde Network in Spanish 1100 GMT 31 Aug 89

[Text] Over 140 internationalist combatants arrived last night in our country. They were greeted at the airport by Julian Rizo Alvarez, alternate member of the Communist Party of Cuba Central Committee Politburo and secretary of the Central Committee, Brigade General Jose R. Oduardo Rodriguez, as well as officers of the Revolutionary Armed Forces [FAR], party leaders, and representatives of mass organizations.

Lieutenant Colonel Gilberto Cos Torres led the group of arriving combatants. The over 140 internationalists wore the following medals: Calixto Garcia, Ignacio Agramonte, Defense of Cuito Cuanavale, Internationalist Combatants, first and second class, Cuba-People's Republic of Angola Victory, and FAR Distinguished Service. These awards show the heroism of these men in the defense of Angola. They, with their blood and effort, contributed to the triumph of that nation; and in Cuban territory they will continue the battle for the construction of the socialist society.

Varadero Oil Fire Blamed on Negligence

FL3108213489 Havana Radio Rebelde Network in Spanish 2352 GMT 30 Aug 89

[Telephone report by Jose Miguel Solis, from Matanzas' Radio 26, during "Exclusivo" program]

[Text] [Solis] Negligence in the fulfillment of technical measures stipulated for oil drilling were the main cause of the fire reported last July at well No 601 in Varadero, according to the results of the investigative commission which is composed of experts of the Ministry of Basic Industry.

In exclusive statements to Radio Rebelde's "Exclusivo" program, Rodolfo Martinez, director of the El Centro Oil Drilling and Extraction Enterprise, gives us more details.

[Begin recording] [Martinez] A series of disciplinary measures were taken with regard to this. The persons who were directly, as well as indirectly, responsible for the fire were sanctioned. A total of (?11) comrades from the enterprise were sanctioned. They received different kinds of sanctions. The experience gained from this lamentable accident was also evaluated.

[Solis] [Words indistinct] In this case, direct responsibility for this incident, this fire, can be determined. Who did the responsibility specifically fall on?

[Martinez] Several comrades were held responsible. The chief of the oil well, who was present at the time and did not take the appropriate measures to stop the spill which is what caused the gas to build up, was one of those held responsible. The oil driller—it was his job and he was familiar with what was going on—also violated an operational norm at the time of the incident.

[Solis] Could you tell us about the two comrades who were primarily responsible for the fire? What disciplinary measures were taken against them?

[Martinez] The chief of the oil well was dismissed from his position. He is now working as a laborer. The driller was also dismissed from his position and he is now working as an auxiliary oil driller.

The other comrades received different sanctions, according to their level of participation, the kind of responsibility they had. This incident is now in the hands of the tribunal for examination. It is no longer an

administrative affair. Now, it is up to the legal system to determine the responsibility of all these comrades.

[Solis] Could we say that this fire could have been avoided.

[Martinez] What could have definitely been avoided was the spill that caused gas to form on the surface. Once the gas comes in contact with air, it is very difficult to prevent a fire. [end recording]

The Basic Industry Ministry specialists recommended a series of additional measures that have now been implemented which will guarantee an ample margin of safety to prevent fires like the one that occurred in well No 601 in Varadero from happening again.

Good evening. [end recording]

Caribbean Affairs

British Expert Cites Need for Penal Reform

FL3108181089 Bridgetown CANA in English 2321 GMT 30 Aug 89

[Text] Bridgetown, Barbados, Aug 30, CANA— A British expert on penal reform has reported that thousands of prisoners in the Caribbean are living in inhumane conditions.

Vivien Stern, author of "Bricks of Shame", a major study of British prisons, said: "Penal reform is urgently needed in the Caribbean. Throughout the region thousands of prisoners are living in inhumane conditions which fall far below the minimum standards set by the United Nations."

She said, however, that throughout the region prison administrators had high aspirations they could not meet because of adverse circumstances.

Stern has just completed a study of prison conditions in five Caribbean Community countries and Aruba for the regional human rights network, "Caribbean Rights".

In a press statement, the Barbados-based liaison office of Caribbean Rights said Wednesday that it had received some preliminary observations of Stern's study visits to St Vincent and the Grenadines, Trinidad and Tobago, Grenada, Guyana, Aruba and Jamaica.

She reported having received the co-operation of government ministers, church and human rights leaders and lawyers in a number of the countries visited.

Stern, who has served for several years on the United Kingdom Commission for Racial Equality, said "prisons are grossly overcrowded. Facilities for sanitation are bad and create conditions where diseases can spread. Prisoners have few ways of getting redress for grievances."

She said women prisoners were, similar to penal systems throughout the world, given low priority. "Too often they are housed in ancient and remote fortress buildings, with no proper training facilities, and separated from their young and growing children," the Stern report said.

Antigua and Barbuda

Prime Minister Bird Signs Aid Agreement PRC

FL3108133189 Bridgetown CANA in English 2011 GMT 30 Aug 89

[Text] St. John's, Antigua, Aug 30, CANA— Antigua and Barbuda's Prime Minister, Vere Bird Sr. on Tuesday [29 August] signed an agreement with a technical team from the People's Republic of China relating to projects to be funded by the Chinese Government.

The aid package includes the construction of a toll bridge at Creek Side, and a donation of school furniture and agricultural products.

The team had been here for two weeks reviewing preliminary studies on several projects which were signed last December by both governments.

Bird said his country "is glad for the attention the Chinese place with the developing countries."

A spokesman for the team said that aid will begin shortly.

"I would like to promise that these projects will be given close attention so as to have them become effective soon," he remarked.

The construction of the bridge, which floods when there is heavy rainfall, is to be a joint undertaking.

It is expected to be about 10 metres wide with a 100-metre approach on either side.

Barbados

Roy Marshall Appointed High Commissioner to UK

FL3108225089 Bridgetown CANA in English 2131 GMT 31 Aug 89

[Excerpt] Bridgetown, Barbados, Aug 31, CANA— Former Vice Chancellor of the Universities of the West Indies and Hull Sir Roy Marshall is to be the new Barbados' high commissioner to Britain, the Foreign Miknistry announced on Thursday. He succeeds Vernon Smith who relinquishes his post with effect from September 1. [passage omitted]

Grenada

Trial Judge Criticized in Bishop Murder Appeal

FL3108191089 Bridgetown CANA in English 1521 GMT 30 Aug 89

[Text] St George's, Grenada, Aug 30, CANA—Maurice Tenn, one of the defence counsel in the Maurice Bishop

murder appeal, has told the court the trial judge failed in his duty when he did not recall a witness to testify after new evidence had come before the court.

Tenn represents Colville Mc Barnette, one of 14 persons convicted of the murder of Prime Minister Maurice Bishop and others in 1983. These persons, and three others sentenced to long prison terms for manslaughter arising from the same incident, have appealed against their convictions.

Tenn's submission Tuesday [29 August] refers to an inquiry the trial judge, Justice Dennis Byron, held as to the admissibility as evidence of a signed statement Mc Barnette had given the police.

Mc Barnette alleged he had been tortured to give the statement and, in the inquiry, a doctor testified that, when he examined Mc Barnette he had complained of "tenderness" in certain parts of his body.

Mc Barnette declined to cross-examine the doctor and, after hearing all the evidence, the judge ruled the statement had been given voluntarily and allowed it to go to the jury.

At a later stage in the trial, Mc Barnette made an unsworn statement from the dock repeating the allegation that he had been tortured. Tenn's argument is that, at this stage, the judge should have recalled the doctor and questioned him.

Tenn submitted that Mc Barnette's reference to torture, before his statement from the dock, was "allegation." He said the sworn statement from the dock was "evidence," new evidence which spoke of torture, and, on receipt of this, the judge should have reopened the inquiry into the admissibility of Mc Barnette's statement to the police.

During the inquiry (legally a "voir dire"—a trial within the trial) the jury was sent from the courtroom to ensure that, if the statement was found inadmissible, the jurymen would not have heard anything to prejudice them against the accused.

Tenn said this was wrong and quoted a controversial 1981 decision of the privy council which says that at all times, including during a voir dire, the jurymen must be present unless the accused or his defence agrees to exclude them.

The People's Revolutionary Government (PRG) banned appeals to the privy council and that ban is still in effect, but Tenn argued that some rulings of the privy council are binding on the Grenada Court of Appeal.

When the PRG was overthrown, he said, by proclamation in October 1983, the governor general restored constitutional rule. But, it was not until February 1985 that Parliament passed an act validating all the PRG laws.

Tenn argued that it was only at that date that the ban on appeals to the privy council became effective and, therefore, all rulings of that body before that date are binding on the Grenada Court of Appeal.

Trinidad and Tobago

Senate Approves Value Added Tax Legislation

FL3108224989 Bridgetown CANA in English 2044 GMT 31 Aug 89

[By Debra Ransome]

[Excerpt] Port of Spain, Trinidad, Aug 31, CANA—The Trinidad and Tobago's Senate passed legislation early on Thursday to put in place a system of Value Added Tax (VAT) next year after a marathon session which ran from Wednesday afternoon.

Two days of debate ended 1:05 a.m. Thursday after opposition and independent senators forced the government to make several changes to the bill which is part of the government's key tax reform programme. Debate at the lengthy four-hour committee stage was only interrupted for senators to sing the national anthem as midnight signalled the country's 27th independence anniversary.

The bill was approved with a 20-9 majority obtaining the necessary three-fifths majority. It includes a number of provisions allowing right to appeal by aggrieved tax payers and adding bread and margarine to the schedule of basic goods which will not be charged the 15 per cent VAT from January 1, 1980. The amended bill now needs approval from the House of Representatives before getting presidential assent.

VAT is expected to go into place from next year as part of a two-year tax reform programme which will also include a second cut in direct taxes in January 1990. [passage omitted]

GUARDIAN Critical of Racism in Politics

FL3108170889 Bridgetown CANA in English 1834 GMT 30 Aug 89

[Text] Port of Spain, Trinidad, Aug 30, CANA— The TRINIDAD GUARDIAN on Wednesday criticised the country's ruling party for a report blaming a by-election loss on race and called for an end of a "racial fixation" in politics.

The paper's editorial pointed to presentation of a report to the ruling National Alliance for Reconstruction (NAR)'s National Council earlier this month.

The report, which was withdrawn after presentation, had looked at an alleged appeal to Trinidadian Hindu values by former NAR deputy leader, Basdeo Panday, whose breakaway United National Congress (UNC) party won the May 1 by-election.

The GUARDIAN said it was glad the NAR had withdrawn the report but it still indicated that some senior party members thought in such terms.

"Residents of Guaico-Cumuto may still be laughing at these allegations, which may do the ruling NAR more harm than the actual loss of the election," the GUARDIAN said.

"It is unfortunate that, for complex historical and social reasons, racially-oriented politics persist in our country," the paper said.

"They may also be insulting the people of Guaico-Cumuto."

The paper looked at the other factors which could account for the UNC win including government's new plan to restructure the Indian-dominated sugar industry which was made public around the time of the election, Panday's political clout in such country areas, and the UNC candidate's popularity.

"Several reasons can be found for the defeat of the NAR in this very minor by-election but racial campaigning is not one of them," the GUARDIAN said.

"Racial groups exist and will be a fact of political and economic life for a long time. But let us get away with this racial fixation, especially as an excuse for failure," the GUARDIAN said.

* Possible Korean Investment in Oaxaca Minerals

32480198b Oaxaca NOTICIAS in Spanish
30 Jun 89 p 1-A

[Text] In response to the reforms required by the regulations of the Foreign Investment Law, the manager of the South Korean Mineral Corporation, Chi Sung-hwang, reported that his company is looking for a good project in Oaxaca that will allow it to invest in copper and zinc mining.

There are sufficient mineral reserves in Mexico, but Oaxaca distinguishes itself with its wealth in zinc and copper, the reddish metal that is a good conductor of heat and electricity, emphasized Chi Sung-hwang.

In exchange for the investment, the Koreans asked the state government to provide information about the social and labor climate, the infrastructure, natural resources, economic activities, and the location of deposits and mines.

If South Korea agrees to work in Oaxaca, its mining activities will be carried out with resources from abroad, stated the manager of the South Korean Mineral Corporation.

The South Korean Government has no direct investments in Mexico; it only imports metallic and nonmetallic minerals in the state of Sonora.

The manager of the mineral corporation explained that South Korea needs 750 tons of copper a year to meet its domestic consumption needs. "Unfortunately, Seoul does not produce that much, and that is why we plan to invest in Mexico, primarily in Oaxaca," added Chi Sung-hwang, who will try to meet with Oaxaca authorities in the mining sector.

South Korea is also seeking to invest in manganese and sulfur mining.

"Based on the information provided to us by the Oaxaca government, which should be precise and complete, South Korea will be in a position to make very strong investments in Oaxaca. We want to serve Mexico and Oaxaca," concluded Chi Sung-hwang.

* Harsh Judgments Presented on Debt Accord

* Persistent Debt Seen

32480198a Mexico City EXCELSIOR in Spanish
28 Jul 89 pp 7-A, 8-A

[Adrian Lajous Commentary: "Renegotiation of the Debt; Too Little, Too Late"]

[Text] I am a supporter of this administration, and within it, of the principal financial officials. Nevertheless, I cannot join in the national euphoria over the agreement on the renegotiation of the debt.

Our negotiators had skillfully mobilized enlightened international opinion against the banks' position. They had co-opted the U.S. Government in the public battle against their resistance. That government had made repeated statements acknowledging the priority of the need to grow over the obligation to pay. We should have interpreted the position of the creditor governments to the limit, and even further.

In view of the banks' recalcitrance, we should have resorted to a moratorium, which by now would have received more support than criticism even among creditor nations. We should have declared that we were simply implementing the Brady Plan unilaterally, given the impossibility of reaching a negotiated solution. That was the time to give full merit to the concept of joint responsibility, half and half, as the banker who offers the "drug" is just as guilty as the debtor who injects it.

But no. We had them cornered, and we backed down.

Bulls look different in the ring than they do from the audience, and the responsibility of power obliges high officials to be cautious. Be that as it may, I must report whatever I see from my fourth row seat. I think a mistake was made.

The agreement has so many facets that I have chosen just the main ones for my comments.

1. Amount. Of a total debt of $106 billion to private banks with which we settled, we owe only $54 billion, just over half. If everyone accepted the first option, we would be getting a reduction of 35 percent, which would add up to $18.9 billion. Estimating gross interest at 12 percent of the total $106 billion, we are paying interest amounting to about $12.72 billion a year, now reduced to $10.548 billion. That's not enough to save us from poverty.

The Wednesday NEW YORK TIMES says: "The agreement offers little debt reduction to an economy strangled by foreign debt payments. If this agreement sets a precedent, the same mistake will be imposed on other debtor countries. A golden opportunity to revive the economic growth of the Third World will have been wasted."

As early as Monday, that same newspaper had calculated that there would really be no reduction at all. The new loans to be extended by the IMF, the World Bank, and the private banks that chose that option would increase our debt in 4 years by the same amount as the current reduction. By the end of 1993, we will owe the same $106 billion we owe now. And that's if all goes well.

2. Loans. Among the options is that of extending new loans instead of lowering the principal. An over-indebted country does not need more loans; it needs less debt.

3. Options. We are concerned about the fact that each creditor bank may have a different ratio of reserves to bad debts, and each country may have different banking regulations governing penalties and taxes. Rather than letting the banks swap debts among themselves and negotiate with their own governments to make the

changes in the accounting rules necessitated by their situation, we gave them all kinds of options. We paid too much attention to the banks' problems and not enough to Mexico's.

4. Interest. We accepted a reduction of interest as the equivalent of reducing the debt. In the short term, the debt service may remain the same actuarially if interest rates come down as if the principal is reduced, but some day we will have to pay off the principal, and then it won't be the same anymore. We are mortgaging the next generation, if the banks prefer it that way.

5. Guarantee. The IMF and the World Bank will guarantee that in the future we will pay the amount agreed to, with no further discounts. If we don't pay, they will pay for us, and they will become our creditors. We can't avoid paying back the international financial institutions, or the world will jump all over us. We are thus accelerating the process of substituting creditors, paying the private banks with loans from the IMF and the World Bank. That isn't good for us at all. We should have told the banks that we weren't offering any guarantees, just the hope that we would be able to pay with an appropriate reduction.

This criticism aside, we must acknowledge that something was accomplished. Will it be enough to enable us to pay and grow adequately at the same time? The experts interviewed by the NEW YORK TIMES doubt it, but the Mexican Government is sure of it. The unexpected and surprising growth of the national economy that has been observed since the end of last year would seem to confirm the government's faith. Let's hope that the dynamics of the national economy will demonstrate over the next few years that this agreement is enough for adequate growth and debt payment.

No matter how things turn out, I think we could have gotten a much better deal and thus assured ourselves of a margin of safety, reducing the debt burden of Mexicans today and tomorrow.

* Impact on Elections Viewed

32480198a Mexico City PROCESO in Spanish No 665 31 Jul 89 pp 36-37

[Jorge G. Castaneda commentary: "An Agreement Without Changes"]

[Text] The foreign debt agreement signed by the Mexican Government and the Bank Advisory Committee has three different faces. The first has to do with the technical characteristics of the agreement and the amount of financial resources actually involved. The second is related to the way the government has presented the agreement, and in particular to the tremendous disparity between the external view of the arrangement—skeptical and pessimistic—and the internal packaging, which is highly positive. And finally, there is perhaps the essence of the agreement, that is, the political effects and the answer to the great question of the medium term: After this agreement, will the PRI [Institutional Revolutionary Party] be able to win the 1991 elections?

The pact in and of itself is acceptable as a restructuring mechanism, and frankly mediocre as a debt reduction instrument. Although there is the option of lending fresh resources, it is most likely that the vast majority (some say up to 90 percent) of the banks will opt to cut the principal or the interest. The mixture of these two options is still difficult to foresee, although it is possible that the final proportion will turn out to be more even than what is projected today. In other words, it may be that most banks will decide to cut interest and not principal.

Now, the calculation of the real reduction that these two options may represent is a little more complex than it appears. It is not enough to estimate just the gross reduction of the debt or the annual service. If we assume, in fact, that 80 percent of the banks will choose one or the other of the reduction options, that will affect some $42 billion. If these banks opt for principal reduction and interest reduction in equal proportions, the gross debt will be reduced by 35 percent of $21 billion, or about $7.5 billion, and the debt service will fall by about $750 million a year. The reduction of interest will reduce the payment by an additional 35 percent of $21 billion, also bringing the country a savings of approximately $750 million. Thus, according to this hypothesis, the debt will shrink by $7.5 billion and savings will amount to $1.5 billion a year. To this would be added the new money: 6 percent of the remaining debt each year, that is, some $600 million to $700 million annually, assuming a debt of $11 billion. The total of all funds involved, then, is $2.2 billion a year for 4 years. This is half of what the government asked for, and more importantly, half of what it considered necessary for the economy to grow 3 percent a year during the first 3 years of the 6-year presidential term.

But this calculation ignores a very important factor: the funds that will have to be contributed as a guarantee of the reduction plans. According to international press reports, and even a statement by the U.S. treasury secretary, Mexico is to buy zero-coupon bonds from the U.S. Treasury for $3 billion to $3.5 billion, and to make an equivalent contribution to guarantee the payment of interest for 2 years. These funds will come from credit granted to our country by the World Bank and the IMF, as well as the government of Japan. And these funds, whether credits as yet unapproved and earmarked for this purpose, or part (30 percent) of the credits already announced by these organizations, now to be earmarked for financing the debt reduction, will not be given to us for free. They are loans, and what's more, they cannot be used for any other purpose.

Thus, it is necessary to subtract the total amount of the guarantees (according to the terms of understanding, $7 billion) from the gross debt reduction. If the gross debt reduction is $7.5 billion, the net reduction will be zero. For this reason, most of the foreign analyses of the package say

it is practically impossible for a real reduction of the debt to happen. Actually, when the whole process is over, let's say by the end of the year, it is very likely that the debt will remain more or less the same: about $100 billion. The proportion of the debt that is owed to the commercial banks and owed to other sources (multilateral, above all) will undoubtedly have changed, and perhaps the average interest rate paid on that debt will have diminished, but the total amount of the debt will be the same. We will know for certain in about 6 months.

The tremendous disparity between the national presentation of the package and the foreign perception of it is due, of course, to the propaganda effort launched by the Mexican Government. Not only the American press but also a variety of Latin American officials have been much more skeptical than the Mexican Government about the real value of the package. The NEW YORK TIMES said that the package set "an ominous precedent," in that "if Mexico was given so little, what crumbs will they toss to the other Latin American debtors?" The WALL STREET JOURNAL said that the accord is good, but it does not actually represent "any debt reduction." The former finance minister of Brazil, Luis Carlos Bresser Pereira, stated that the agreement signified "a miserable 10-percent reduction" of the debt. The reasons for this skepticism are myriad.

Among them, in fact, must be included the squabbling among various sectors of the United States, and the fight with Treasury Secretary Nicholas Brady. But as soon as anyone looks beyond the immediate fate of the Salinas de Gortari administration, it is clear that the defects of the agreement outweigh its virtues. And although the American press would undoubtedly like Salinas to be successful, its focus cannot be limited to that. It must also be concerned with the broader interests of the United States, with reference to both Latin America as a whole and to the long term.

Now, the medium-term political effects of the accord must be seen from precisely that dual perspective. As was stated here toward the end of April when the final amounts of the agreement were already apparent, the government realized a long time ago that the funds necessary for the economic recovery would not come from the international banking sector, but from foreign investment, and from the repatriation of capital that had taken flight. Government officials see the package, in essence, as "seed capital" or start-up money to attract more money from other sources. The idea is that the security and confidence engendered not by the package itself, but by the version of the package presented in Mexico by the government, will attract foreign investment and a return of Mexican capital from the United States. For this plan to work, the foreign investment and repatriation would have to amount to considerably more than what was expected before the accord, and not just enough to meet prior objectives.

It is not impossible for this to happen, but there is a powerful reason to doubt it. That reason is, obviously, that although the urban middle classes of the nation may believe the version of the agreement presented in Mexico, they have no money. Those who do have money and the ability to invest it in Mexico—rich Mexicans and foreign investors—do not form their opinions or make their decisions on the basis of the "news" broadcast by Televisa and Imevision. For those who do have money, the analyses of the NEW YORK TIMES, the American banks, and U.S. academic experts on debt such as Rudiger Dornbusch and Jeffrey Sachs are more important than a dinner of "the 600 (formerly 300)" at the National Palace. It is, therefore, perfectly possible that the local euphoria will not translate into a euphoria of investments, even though Mexican public opinion, in the short or even the medium term, may continue to see this agreement as the pact of the century.

If this is the case, difficult times lie ahead. The government must, for itself, make the following calculation: With the package already agreed to and the funds that may be expected as a result, will it be possible to achieve the short-term economic growth necessary to enable the PRI to win the 1991 elections cleanly? If the answer is no, and all indications are that that is the only honest answer, then there are two possibilities. One is to lose, but not necessarily to the PAN [National Action Party], as in Baja California; and the other is to destroy before 1991 the opposition to which it will not or cannot lose: Cardenism. It is not impossible that this attempt at destruction will be the next step.

Belize

Close Results Expected in Monday Elections

FL3108193089 Bridgetown CANA in English 1533 GMT 31 Aug 89

[Text] Belmopan, Belize, Aug 31, CANA—Belize's Prime Minister Manuel Esquivel, is aiming for a "back-to-back" victory in Monday's general election.

The main opposition People's United Party [PUP], headed by ex-Prime Minister George Price, is urging voters to "come home to PUP."

Esquivel's United Democratic Party (UDP) has turned to American basketball—borrowing the Los Angeles Lakers' slogan of 1988 when they defeated the Pistons for a second time—while the opposition has opted for a fatherly image.

The two parties are battling for 28 seats. The UDP won 21 seats to the PUP's seven in the last general election, held in 1984.

Analysts here are predicting a close result in this English-speaking former British colony in Central America.

The main campaign issues have included the state of the Belizean economy and citizenship.

Esquivel has gone to the electorate on the basis of his party's record of positive achievements, after completing an International Monetary Fund austerity programme it inherited.

"We spent our first term with the focus on economic recovery and economic management," Esquivel said.

"Now we are on firm ground, we must continue our sound economic policies."

The PUP has accused Esquivel of selling Belizean citizenship at a high price under what it said was a shady deal with Chinese arms merchants.

The opposition party, while criticising the sale of public utilities to foreigners, said it would encourage equity participation in public enterprises.

The ruling party has accused the opposition of leaving the country in economic disarray and has been telling prospective voters Belize is now heading back to economic recovery, out of the claws of the IMF, with higher foreign reserves.

The opposition questions this, pointing out that the foreign debt has increased.

The UDP also promotes itself as a government of "caring and sharing."

This is countered by the PUP, which says the UDP is "caring and sharing" for and with the rich.

The opposition has also complained of heavy censorship of its radio and TV campaign ads by the government-appointed Belize Broadcasting Authority [BBA].

At the same time, it said, campaign ads from the ruling party saturate the state-controlled radio and TV stations which operate under licences from the BBA.

The PUP has acquired a large TV screen—which has been labelled the "freedom screen"—to help to promote its campaign.

Esquivel came to power in 1984 with a humiliating defeat of Price.

His political opponents say his mistakes have included better pensions and pay packets for parliamentarians that were not on par with the deal offered the public service.

This week the Public Service Union threatened to strike over anomalies in the pay package that in some cases meant workers were taking home less money but changed its mind after talks with deputy prime minister, Curl Thompson on Monday.

Thompson promised that the anomalies dispute would be resolved soon after the elections.

Each party is fielding 28 candidates for the poll. There is one independent candidate.

Costa Rica

Arias Condemns New Panamanian Government, OAS

PA0109023689 Buenos Aires REUTER in Spanish 0100 GMT 1 Sep 89

[Text] San Jose, 31 Aug (REUTER)—President Oscar Arias said today that the appointment of a new Panamanian Government is a black page in the history of Latin American democracies and called other countries to join him in his condemnation.

"For a people like the Costa Ricans, who have fought to take democracy, liberty, and peace to all Latin American peoples, today is a very black day because the Panamanian people's will, as expressed at the polls, has been deceived," Arias said.

At the Panamanian State Council meeting today Francisco Rodriguez, Panamanian comptroller general for the last 7 years, was appointed the provisional president to replace provisional President Manuel Solis Palma, whose mandate ends 1 September.

"Guillermo Endara is that country's president because that is what the majority of voters decided," at the 7 May elections, Arias said.

The Panamanian Government annulled those elections on 10 May, claiming foreign interference. Endara said that his Civic Democratic Opposition Alliance party won by a three to one margin.

"Other countries should follow Costa Rica," Arias added. "We must somehow express our displeasure about what is happening in Panama." Arias also criticized the mediation of the OAS commission that was to solve the Panamanian crisis following the election annulment.

"I cannot but regret that a country such as Costa Rica, which bases its security on the strength of international organizations, especially within the inter-American community, has seen the OAS falter," Arias added.

The Costa Rican president said that his country had held a "very firm and categoric" position so that the will of the Panamanian people would be respected, but found that "most OAS member countries showed great apathy and disinterest."

Foreign Minister Comments on Panama Situation

PA3108163589 Panama City ACAN in Spanish 2236 GMT 30 Aug 89

[Text] San Jose, 30 Aug (ACAN-EFE)—Costa Rican Foreign Minister Rodrigo Madrigal Nieto today termed as "groundless" the statement by Panamanian President Manuel Solis Palma, who accused Costa Rica, Venezuela, and Peru of following the U. S. policy against his country.

Madrigal said, in a statement published today by the evening newspaper LA PRENSA LIBRE, that Costa Rica follows the Panamanian problem "according to the basic guidelines" of the OAS.

Solis said on 29 August that the governments of Costa Rica, Venezuela, and Peru insist on General Manuel Antonio Noriega's removal from the Panama Defense Forces command because they are influenced by the United States.

The Costa Rican foreign minister recalled that late in May, following the annulment of the Panamanian elections, the "OAS clearly said that Gen Noriega was responsible for the abuse perpetrated during the election process."

"The actions of the OAS and Costa Rica are not the result of foreign pressures," he said.

According to LA PRENSA LIBRE, Madrigal said that "recent history proves, and no one has denied it, that the presidents of Panama must be docile" toward Noriega "or else he deals with them by removing them from the post."

Following the annulment of the 7 May elections, the Costa Rican Government "criticized" the action and invited the inter-American community to state their solidarity "with the Panamanian people's hopes for democracy."

El Salvador

Opposition Agrees Government Willing To Talk

PA0109041389 San Salvador Canal Doce Television in Spanish 1900 GMT 29 Aug 89

[Report by Alfredo Villarreal]

[Text] Opposition political leaders agreed today that President Alfredo Cristiani is willing to hold a dialogue with them and that favorable conditions for initiating the negotiations do exist.

An important meeting was held at the Christian Democratic Party [PDC] headquarters with the participation of the opposition parties PCN [National Conciliation Party], and the Democratic Convergence, as well as representatives of labor and union organizations, such as UNTS [National Union of Salvadoran Workers], UNOC [National Peasant-Worker Unity], and CTS [Central Organization of Salvadoran Workers], to coordinate and improve the procedures leading to a dialogue between the government and the FMLN [Farabundo Marti National Liberation Front].

It was reported that to negotiate, the parties and social organizations must create favorable conditions to start the talks. For this, two meetings have been held with Cristiani. According to opposition leader Guillermo Ungo, Cristiani is open to a dialogue.

[Begin Ungo recording] We have said a commission should represent the government at the talks. We have learned that this will happen. Apparently the commission will be formed based on a decision by President Cristiani and according to his good judgment. I would say that the president has assumed a flexible position by listening to opinions and criticism so the commission can be formed and work properly. [end recording]

In addition, Ruben Zamora pointed out that there are favorable conditions for a dialogue between the government and the FMLN, and this dialogue should be held as soon as possible.

[Begin Zamora recording] There is in the country a greater awareness of the indispensable need for a political solution and that there is no other choice. 2. [as heard] It has possible for several Salvadoran forces to propose a dialogue and negotiation. The possibility of holding a dialogue was discussed at the political parties and the National Association of Private Enterprise [ANEP] meeting on 28 August. This would have been impossible 3 years ago. [end recording]

Also, Dr Fidel Chavez Mena gave the benefit of the doubt to Cristiani's initiative to form the government commission and said it is important to include the church and the High Command in this commission. He also stressed the importance of the role that the political parties must play.

[Begin Chavez recording] We are concerned over the fact that the political parties do not play a significant role in this process, that the church has been left out, and, above all, over the delay in forming the commission. The Armed Forces naturally play an important role in this peace process. I cannot imagine the Armed Forces not playing an important role in the process, either as a commission member or adviser or in handling specific military matters. The Armed Forces must participate in this process. [end recording]

Considering Cristiani's flexibility, the opposition parties predict that a government-FMLN meeting will be held soon. The parties have suggested the participation of the Catholic Church and the High Command as key factors, one as a traditional mediator and the other as holding true power.

Dialogue Efforts Criticized

PA0109045589 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 1 Sep 89

[Station commentary]

[Text] Cristiani has to pass from words to deeds. The current administration, and most particularly Cristiani, has been characterized by its constant talk about dialogue. Cristiani sounds like a moderate in his speeches, and some opposition sectors have even said in recent days that Cristiani has a flexible attitude on the dialogue.

However, despite all the talk and demonstrations of good manners by this gentleman and by his party's spokesmen, the truth is that there is nothing concrete on the dialogue thus far. We repeat, there is nothing concrete on the dialogue thus far. There is a feeling that everything is floating around in the ether, as if a [word indistinct] were being slowly pushed back and forth, looking at time as if it were not the same [word indistinct] because it looks one color at one time and a different color the next depending on [words indistinct].

Those who have lots of decisions to make in the current power bloc have adopted so many different and contradictory positions that the least one can think is that the power bloc is not united. What is really going on regarding the so often touted dialogue? Nothing concrete has come out of it either through the dialogue commission or through contacts with the FMLN [Farabundo Marti National Liberation Front]. The FMLN sent Cristiani a letter and a proposal on procedural matters a long time ago and it has not yet received a response. The FMLN has submitted initiatives to resume the dialogue. The parties have done their part too, and the church has said it is ready to participate. So, the ball is now in Cristiani's and his team's court, but everything seems to indicate that wnat they are doing is—as they say—warming up.

Rivera y Damas, FMLN on Wounded Rebels in Mexico

PA0109045289 Panama City ACAN in Spanish 0101 GMT 1 Sep 89

[Text] San Salvador, 31 Aug (ACAN-EFE)—Salvadoran rebel commander Ana Guadalupe Martinez asserted today that San Salvador Archbishop Arturo Rivera y Damas and rebel leaders met yesterday in Mexico City to discuss the situation of guerrillas wounded in combat.

According to Martinez, who is a member of the Political-Diplomatic Commission of the Farabundo Marti National Liberation Front (FMLN), Archbishop Rivera gave them "discouraging news" because President Alfredo Cristiani has adopted the position that the departure of those wounded in war must be negotiated.

Seven wounded rebels have been staying in the cathedral in San Salvador since 20 August demanding that they be sent to the FRG, Cuba, or Mexico to receive treatment for their wounds.

Eight other rebels joined them on 31 August.

The guerrilla commander pointed out, however, that the differences between the FMLN and the government about the departure of fighters wounded in combat should not prevent both sides from opening talks to end the war.

"The wounded fighters have the right to leave and the government should allow them to leave. The dialogue, which is an aspiration of the Salvadoran people, is something else," Martinez emphasized.

She added that the government should abide by international conventions on war and allow the wounded fighters to leave so they can get treatment for their wounds.

Several officials said in principle that those wounded in war could leave if they complied with the necessary legal requirements. However, Cristiani and high-ranking military officers have said that the departure of the wounded fighters should be part of the negotiations between the government and the guerrillas.

Meanwhile, the guerrillas again attacked the country's electricity infrastructure, causing a prolonged power outage in the country.

The Electric Light Company of El Salvador reported that 20 percent of the electricity supply was affected when the guerrillas sabotaged two high-tension lines.

Nicaragua

Ortega Announces Prisoner Release in Esquipulas

PA3108134689 Managua Radio Sandino in Spanish 1215 GMT 31 Aug 89

[Report on statements by President Daniel Ortega in Esquipulas, Nicaragua, on 30 August—recorded]

[Text] [Unidentified reporter] Nicaraguan President Daniel Ortega has announced the release of over 1,000 peasants who had been imprisoned for collaborating with the counterrevolutionary movement.

President Ortega made the announcement during a ceremony celebrating National Peasant Day, held in Esquipulas, 65 km north of Matagalpa, on 30 August.

According to the prison census taken by the International Red Cross Committee under the observation of other international organizations last weekend, there are currently 1,278 prisoners accused of counterrevolutionary activities being held in the Nicaraguan jails. President Ortega will send a request for an amnesty for over 1,000 peasants to the National Assembly. Some prisoners, however, will remain in jail until the contra movement releases all the abducted people it is holding in its camps in Honduras.

President Ortega asserted that the Sandinist National Liberation Front [FSLN] will defeat the National Opposition Union, UNO, in the upcoming general elections, whether its member parties participate as a bloc or separately.

[Ortega] We have rightist, pro-Yankee political parties which are identified with the contra movement. They are friends of the contras. Those parties want to scare us off. They say: We have to unite as one single force. Of course they want to do that. Those parties are so weak and cowardly that they have to unite. When one is weak and cowardly, one does not confront another person alone, but always seeks many other people to then crush that other person.

Because those rightist parties are weak and because they know the FSLN will crush each one of them if they face the FSLN on a one-to-one basis, they decided to gather in one single bloc to defeat the FSLN. What are they seeking with that union? I tell them: Get together, go ahead. What are you waiting for? We will wait for you here.

We will wait for those parties here in Esquipulas. We are sure that here—whether they come as a union or as single parties— we will strike them hard, as we did Reagan's policy and its mercenaries. We will strike those parties hard anywhere in Nicaragua, regardless of whether they are united in one bloc. It would be a good idea for them to unite. And we tell them: What are you waiting for? Why are you discussing so much? Unite once and for all. Then we will see who fights better: Sandino's [word indistinct] rooster or the Yankees' rooster.

[Reporter] As for Nicaragua's invitation to the OAS and the United Nations to come and supervise the Nicaraguan elections, Ortega said that all the Latin American countries must use that same mechanism, not only Nicaragua.

[Ortega] The United States, all the Latin American countries, and the Caribbean countries, which are the OAS member countries, should do what Nicaragua is doing. Nicaragua decided to ask the OAS and the United Nations to send observers to Nicaragua to supervise the election process. No other country does that. The United States does not do that, because the United States holds elections the way it wants. It does not care about its people. It does not care about the U.S. peasants. No other Latin American country does that either.

We have said that at the OAS. We have said: Gentlemen, if you want the participation of OAS observers in the Nicaraguan elections, let all of us, including all the Latin American and Caribbean countries and the United States—because the United States is also an OAS member country—agree to invite OAS and UN observers to our corresponding elections.

Announces Trip to Libya

PA3108141589 Paris AFP in Spanish 0602 GMT 31 Aug 89

[Text] Esquipulas, Nicaragua, 30 Aug (AFP)—Nicaraguan President Daniel Ortega announced today in Esquipulas, in northern Nicaragua, that he will travel to Libya in the next few days at the invitation of leader Mu'ammar al-Qadhdhafi to attend the ceremonies of the 20th anniversary of the Libyan revolution.

In an event with peasants held in Esquipulas, 105 km north of Managua, Ortega praised Nicaragua's "close and fraternal" relations with Libya "despite Yankee efforts to cut them off."

Ortega highlighted Libyan support for Nicaragua in the areas of production and defense and noted that Nicaraguans "support" the Libyans who "have been attacked by the United States."

He stressed that, in Washington "they will probably say that this visit to Libya is an outrage," however, Nicaraguans have a right to decide "who we must have relations with."

Ortega emphasized: "We are willing to have good relations with Bush and Al-Qadhdhafi."

The president did not disclose the date of his departure, but added that, from Libya, he will go on to Belgrade, Yugoslavia to attend the Nonaligned Movement meeting.

In addition, Ortega announced that he will ask the National Assembly to release approximately 800 contra

Solis Palma said Panama will report at this forum on the U.S. Government's economic, political, and military aggression against Panama. The Panamanian problem will be brought to the forum, Solis said. We will try to gain the cooperation of all these countries, he stated, adding: We want more than speeches full of good intentions. We want to reach agreements with Third World countries which are subject to the threat of an attack as we are, he said.

Solis said the ninth nonaligned countries summit will provide an excellent opportunity to reduce the massive disinformation being promoted by the United States and to compensate for the lack of information on the Panamanian situation, which is difficult to offer due to our limited resources.

Reportage on Possibilities for 1 Sep Government

PDC President on Possible Junta

PA3108172589 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Aug 89

[Text] Dr Ricardo Arias Calderon, president of the Christian Democratic Party [PDC], has reported the arrest of several PDC members and said that the actions that took place during the past weekend in Arraijan and Puerto Armuelles District, Chiriqui Province, are part of an increasing repression against PDC members. The PDC leader also mentioned some current political issues.

[Begin recording] [Unidentified reporter] Is the Civic Democratic Opposition Alliance [ADOC] still planning to claim its 7 May triumph? Is it willing to wait and participate in new elections within a period that should not exceed 4 months?

[Arias Calderon] The Panamanian people have already expressed their will. The only way to build a democracy is based on respect for the Panamanian people's self-determination. Whoever wants to establish a regime in any other way is simply establishing, or rather continuing, a dictatorship.

[Reporter] What is your opinion of the government junta that could possibly be established on 1 September?

[Arias Calderon] Who is appointed or who is not appointed does not really matter, because the basis for the problem still remains—that is, the continuation of an anti-democratic regime. [end recording]

PDC Says Noriega Preparing 'Coup'

PA3108153689 Panama City ACAN in Spanish 1446 GMT 31 Aug 89

[Text] Panama City, 31 Aug (ACAN-EFE)—The Panamanian Christian Democratic Party (PDC), the country's largest opposition party, said today that the regime of General Manuel Antonio Noriega is preparing a "new coup d'etat," which will leave the country tomorrow with "no remains of a constitutional government."

As for the cabinet and State Council meetings that will be held today to decide on the government that will replace the one headed by Manuel Solis Palma, the PDC stated in a communique that "the Noriega regime is thereby acting against the people's sovereignty as expressed on 7 May."

The Christian Democrats are referring to the elections held on that date and annulled on 10 May. The Civic Democratic Opposition Alliance (ADOC) claims to have won those elections.

According to the PDC, "to prepare for this new coup d'etat, the regime has dramatically increased its repression with a drastic reduction of the freedom of speech, with persecutions and arrests of numerous members of the opposition...and with the militarization of public employees."

"As a result of this new coup," the communique adds, "the people's rejection of the regime will increase, the economic and financial crisis will worsen, international isolation will increase, and our national sovereignty will be in even worse danger."

The PDC reiterates that it will maintain its "constant and renewed struggle for freedom, justice, and democracy," in which "we rule out resorting to violence."

"We also rule out a bureaucratic arrangement with the regime, because we know that our people demand true democracy and not an apparent one," the communique adds.

The PDC insists that the struggle for democracy in Panama implies "the withdrawal of Gen Manuel Antonio Noriega (from the leadership of the Panama Defense Forces) and a new definition of the relation between civilians and the military."

The communique is signed by PDC President Ricardo Arias Calderon and Vice Presidents Carlos Arellano, Guillermo Cochez, and Raul Ossa.

Government May Be Announced 31 Aug

PA3108153489 Panama City Domestic Service in Spanish 1510 GMT 31 Aug 89

[Text] Amid great expectancy in the country and within a climate of tranquillity, the Panamanian people are waiting for the current government to announce the new government that will begin its mandate tomorrow, 1 September 1989.

The Panamanian Presidential Palace will be the venue of a General State Council meeting. Representatives of the political parties that participated in the 7 May elections will also participate in the General State Council meeting.

The General State Council meeting will be held to find the government formula that is most suitable for the country's current situation now that our country is facing

the most open, political, economic, and military aggression ever waged by the United States.

The new Panamanian Government could be announced late this afternoon, although there is yet no information regarding the names of those who will be part of the new government or the way in which it will be organized.

It is important to recall that the opposition alliance refused to participate in the new government.

Comptroller General Said President

PA3108163289 Panama City ACAN in Spanish 1605 GMT 31 Aug 89

[Text] Panama City, 31 Aug (ACAN-EFE)—The General State Council meeting began in Panama City at 1030 (1530 GMT) today amid insistent rumors that current Panamanian Comptroller General Francisco Rodriguez could be the next Panamanian president. The General State Council will name the government that will be inaugurated in Panama tomorrow, 1 September.

General Manuel Antonio Noriega and the Panama Defense Forces General Staff, outgoing President Manuel Solis Palma, state ministers, and other high-ranking government officials are attending the General State Council meeting.

Rodriguez, 50, has been the country's comptroller general since 1982. He was the agricultural development minister during the government headed by late General Omar Torrijos.

Ritter Names New Officials

PA3108193289 Panama City ACAN in Spanish 1726 GMT 31 Aug 89

[Text] Panama City, 31 Aug (ACAN-EFE)—Foreign Minister Jorge Eduardo Ritter has announced that Panamanian Comptroller General Francisco Rodriguez—a 50-year-old engineer and planner—was today appointed president of the Republic, while Carlos Ozores—a 49-year-old diplomat, lawyer, and journalist—was appointed vice president.

Rodriguez, who has held high-ranking posts in the current Panamanian regime since 1975, will be sworn in on 1 September to replace Manuel Solis Palma, who has been the minister in charge of the Presidency since February 1988.

The announcement was made by Foreign Minister Ritter at the conclusion of a General State Council meeting with General Manuel Antonio Noriega, the General Staff of the Panama Defense Forces, Manuel Solis Palma, the cabinet, and other high-ranking state officials.

Rodriguez was appointed president by the Council of State in view of the annulment of the 7 May elections, where the opposition claimed victory, and in view of the failure of the dialogue the opposition held with the regime in the last 6 weeks sponsored by the OAS.

The main opposition party, the Christian Democratic Party (PDC), described the regime's decision as a "new coup d'etat."

Francisco Rodriguez Poveda has been the comptroller general (inspector of state accounts) since 1982. He held the posts of vice minister of planning and economic policy and of minister of agricultural development when General Omar Torrijos was the chief of government.

He was born in Potuga, a small town in Herrera Province, in the center of Panama. He majored in planning at the University of San Carlos in Guatemala, in civil engineering at the University of Panama, and in agricultural engineering at the University of La Colina in Peru.

Carlos Ozores Typaldos was born in Panama City, and was vice president of the Republic from May through September 1984.

Ozores is a doctor in law and deputy editor of the oldest newspaper in Panama, LA ESTRELLA DE PANAMA. He was minister of foreign relations during the times of Gen Torrijos and ambassador to Spain and to the United Nations.

Outgoing President Solis Palma, 73, has ruled Panama since 26 February 1988, when the Legislative Assembly dismissed Eric Arturo Delvalle when he failed to force Gen Noriega's retirement.

Details on Ritter News Conference

PA3108185289 Panama City Domestic Service in Spanish 1730 GMT 31 Aug 89

[Report on news conference held by former Foreign Minister Ritter with unidentified reporters at the Presidency of the Republic on 31 August—recorded]

[Text] [Reporter] When will the president be sworn in?
[Ritter] That has to be done tomorrow when [words indistinct]. I am leaving for Yugoslavia this afternoon to attend the Nonaligned Movement summit.

[Reporter] Are you still in your post?
[Ritter] I am going to attend the Yugoslavia summit.

[Reporter] But did you not tender your resignation?
[Ritter] Yes, I did resign. I tendered my resignation on 28 August, as reported in today's newspapers. President Manuel Solis Palma asked me to attend the Nonaligned Movement summit. The new president has also asked me to attend the summit. Therefore, following this mandate, I am going to Yugoslavia as Panama's representative, regardless of the fact that other government officials like the president or the vice president may also attend the summit. It is my duty to attend this summit.

[Reporter] [Words indistinct] the U.S. charges against General Noriega?
[Ritter] This is a meeting the United States has called to distract the world's attention from the aggression, from the military threats and maneuvers it is carrying out to

intimidate Panamanian people, and from the economic measures it has imposed against Panama to try to center the debate on the removal of Gen Manuel Antonio Noriega.

We have clearly established at international organizations such as the UN Security Council and the OAS that Panama's fundamental problem is that it is being attacked by a foreign superpower. The United States now seeks to bring back to the OAS a debate that does not come under OAS jurisdiction. The United States has reported it will present evidence. I assume the evidence it will present is the evidence Dr Romulo Escobar Betancourt demanded at the OAS, which is not just evidence referring to Gen Noriega. I assume they will also present evidence that the funds withheld by the United States have not been squandered. The U.S. General Accounting Office has already determined the amount of the missing funds. I assume this evidence will also be presented today. The United States also has to present evidence that the military maneuvers it is carrying out are authorized by the Panama Canal treaties. I hope they can present all this evidence. I think that is going to be difficult.

[Reporter] [Words indistinct].

[Ritter] Listen, I cannot speak on behalf of the new government. We have to wait until the new president is sworn in.

[Reporter] Does Gen Noriega remain in his post?

[Ritter] Listen, I do not want to give any further details on how the new government will be composed and how the new government will operate because, I repeat: The members of the General State Council are signing a document which clearly establishes how the government will be composed, a document which does not include the names of the people except for the president and vice president. The document details the way the government will operate. I do not want to give any further details because, I repeat, the details will be contained in a document issued by General State Council.

Rodriguez Confirmed as President

PA3108175689 Panama City Circuito RPC Radio in Spanish 1715 GMT 31 Aug 89

[Report by Carlos Rohman from the Presidency of the Republic—live]

[Text] This morning at 0800 [1300 GMT] there was a cabinet meeting, and the General State Council meeting was held 2 hours later. A few minutes ago, several government officials came out of the presidential palace, among them former Foreign Minister Jorge Eduardo Ritter, who gave details on the new government junta which is composed of current Comptroller General Francisco Rodriguez and Carlos Ozores, a former Panama Commission member. Here is former Foreign Minister Ritter:

[Begin recording] [Ritter] The General State Council has reached an agreement and the new president is Engr Francisco Rodriguez. The new vice president is Dr Carlos Ozores Typaldos.

[Unidentified reporter] What about the legislators...

[Unidentified reporter, interrupting] [Words indistinct] in your post as foreign minister.

[Ritter] Listen, the new president has not yet been sworn in. Therefore, I think it is too early to hint about the new cabinet members and other government officials. I think we have to wait until the new president is sworn in and makes a decision.

[Reporter] What about the legislators? Will the current legislators remain in their posts, or will new legislators be elected?

[Ritter] Look, the decisions on how the government will be composed and how it will operate are established in an agreement that is being signed at this time by the remaining members of the General State Council. Once the agreement has been signed by all the State Council members, it will be released to the public. Therefore, I do not want to give any further reports because I am not the government spokesman. I have just reported to you a decision regarding the new president, of which you were obviously aware. [end recording]

Noriega Comments on New President

PA3108183589 Panama City ACAN in Spanish 1746 GMT 31 Aug 89

[Text] Panama City, 31 Aug (ACAN-EFE)—General Manuel Antonio Noriega, commander of the Panama Defense Forces and Panama's "strongman," said today that "relations with the United States could improve" and relations with the opposition could also improve, because we are advocating "an open-door policy."

"We are willing to do that," Noriega said as he was leaving a General State Council meeting in which a 50-year-old engineer and planner Francisco Rodriguez was appointed the new president of Panama and 49-year-old attorney, diplomat, and journalist Carlos Ozores was appointed vice president at noontime today.

"The Republic of Panama witnessed a historic moment today within its liberation and sovereignty struggle and its legal system" with the appointment of a new president, the general added.

When asked about Panama's relations with the United States, which are at their worst in decades, Noriega said: "Our relations could improve. We are willing to do that."

When the journalists asked him whether relations with the Panamanian opposition could also improve, Gen Noriega answered: "Yes, because we advocate an open-door policy."

The opposition, which claims that it won the annulled 7 May elections, has described the appointment of the new president as "a coup d'etat."

The United States, which did not recognize the outgoing government, has also said that the government which will be installed tomorrow, 1 September, is also illegimate.

Rodriguez, who has held high-ranking posts within the current regime since 1975, will be inaugurated tomorrow to replace Manuel Solis Palma, who has served as minister in charge of the Presidency since February 1988.

Rodriguez Gives Acceptance Speech

PA3108183089 Panama City Domestic Service in Spanish 1747 GMT 31 Aug 89

[Statement by Francisco Rodriguez "new president of the Republic" at the Palace of the Herons, Presidential Palace—live]

[Text] Good morning, Dr Carlos Ozores Typaldos, provisional vice president-elect of the Republic; distinguished members of the national and international media: As you have heard, the agreement of the General State Council has bestowed upon me the honor of being chosen as provisional president of the Republic, and Dr Carlos Ozores Typaldos as provisional vice president of the Republic.

These appointments conclude one stage for our country and begin another stage for the Republic of Panama. In my initial statements, I want to tell you that we not only feel honored, but we recognize the great responsibility our mandate has during these difficult moments our Republic is experiencing. We want to tell you that we are moved to serve with the best of our dispositions and with honesty, patriotism, and responsibility, in these honorable positions.

We are also aware that this responsibility, as mentioned in the agreement, is provisional. We want to comply precisely with that mandate for which—as of today, tomorrow, and always—we extend to all political sectors of this country—both those who accompany us, as well as those who oppose—so that we will give ourselves the opportunity to build a new fatherland without any rancor, obsessive pretensions, or conditions. The only condition that should prevail is the condition of serving in the best interests of the fatherland.

Therefore, I want you to be the means that will transmit these words in such a manner that we will be able tomorrow to have the opportunity to respond to any questions, observations, or consultations you may have about aspects of the mandate. Gentlemen journalists, thank you; we will see you tomorrow.

More on Rodriguez' Statement

PA3108232789 Panama City Domestic Service in Spanish 2000 GMT 31 Aug 89

[Speech by Francisco Rodriguez, provisional president-elect, at the General State Council session held at the Presidential Palace in Panama City on 31 August—recorded]

[Text] President Manuel Solis Palma; General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces [FDP]; Mr President of the Legislative Assembly; Mr Attorney General of the nation; Mr Attorney General for the Administration; Mr President of the Honorable Corregimiento Representatives; members of the FDP General Staff; Messrs Cabinet Ministers; General Directors of independent agencies; members of the General State Council:

There are times and circumstances under which things are bestowed on a person during his life. In this case, it is an appointment that brings out emotions which often make it difficult to express one's feelings, to say what one would like to say. This is truly one such moment because, I must confess, I have never never aspired to, longed for, or sought a position like this one which you are today so generously presenting me.

I have been a public servant par excellence and I am accepting this position with the usual humility and simple desire. I am doing so at this stage, which is so very difficult and crucial to our country, because I am convinced that, when one's homeland calls on one of her sons, that son is forbidden to ignore its call.

Allow me to express to you my deep gratitude for the State Council's show of confidence in me. I know that this post is an honor and a tribute but that it also entails a great responsibility which, I must say, is today greater than ever because the eyes of the world are upon our country. I am accepting it with the conviction that we have to wage a struggle that may be very difficult but we must absolutely and necessarily wage it.

Again, I repeat my thanks for the appointment. I must say that I will do all I can—as I have done throughout my career as a public servant—and will not spare any effort or sacrifice to discharge this responsibility and to deserve the confidence you have placed in me.

It would not be fair, Messrs members of the State Council, if we missed this opportunity to express to our president, Manuel Solis Palma, the profound admiration, affection, and respect we feel for him because we have been witness to his irreproachable, unyielding, persevering, and patriotic efforts throughout the 18 months he has led the administration. He has done so with gallantry. He has done so with respect. He has done so with patriotism. And we expect to emulate this example, from which we draw inspiration.

Mr President, allow me to personally express to you my respect, fondness, and admiration. To all of you, gentlemen, thank you very much again. [applause]

Provisional Government Ordered

PA3108194189 Panama City Cadena Exitosa in Spanish 1757 GMT 31 Aug 89

["Agreement No 1" issued by the General State Council on 31 August in Panama City, read by presidential spokesman Jose Hernandez—recorded]

[Text] Agreement No 1 issued on 31 August 1989

Whereas:

1. The Electoral Tribunal, through Decree No 58 of 10 May 1989, annulled the results of the 7 May 1989 elections for all the elective posts that were to have been proclaimed in these elections. The full Supreme Court declared this decree to be constitutional.

2. The expiration date for elective posts, based on the Constitution of the Republic of Panama, establishes the need to take steps so the organization of the state is not altered. Therefore, the necessary provisions must be taken to perform the duties inherent to those posts.

3. The national government, with the cooperation of the OAS, endeavored to find a negotiated solution to the country's political solution that would permit a constitutional continuity.

4. Despite the above-mentioned efforts, it was impossible to find a political agreement between the sides.

5. There is an imperative need to take steps to preserve institutional order and give the country a provisional government.

The General State Council resolves:

1. To establish a provisional government as follows:

1.1. The Executive Branch will be made up of two citizens whose honesty is well-known and who must meet the requirements to be president stated in the Constitution. One will hold the post of provisional president of the Republic, and the other will hold the post of provisional vice president of the Republic. They will perform the functions stated in the Constitution and the laws.

1.2. Legislative functions will be performed by a legislative commission that will be made up of 41 commissioners. They must be Panamanian citizens whose honesty is well-known and must meet the requirements to be members of the Legislative Assembly stated in the Constitution.

2. The current structure of the Judicial Branch is respected and maintained as the guarantee of the full existence of laws and legal security.

3. The members of the provisional government will perform the duties stated in the existing Constitution and laws and will perform their duties until new elections are held.

4. The provisional government will guarantee public order, respect for the Constitution, and the laws of the Republic, and will abide by international obligations and agreements made by the Panamanian State.

5. On the date the new government is inaugurated, councilmen and corregimiento representatives will conclude their functions. The members of new municipal councils and/or the corregimiento representatives will be chosen in accordance with a system which the General State Council will determine at the opportune duty, and will remain in their posts until new elections are held.

6. Following the first 6 months of the provisional government, the General State Council will conduct an assessment to decide on the holding of new elections.

7. The provisional government must hold elections as soon as the necessary conditions exist. The end of U.S. aggression and the release of Panamanian funds that the U.S. Government has arbitrarily frozen must be indispensably included among those conditions.

8. The Electoral Tribunal will be restructured as soon as possible to guarantee the efficiency and honesty of the elections.

9. The Legislative Commission will issue a new electoral law to regulate the future elections.

10. The provisional government must draft a constitution bill to ensure the preservation of the gains achieved by the Panamanian nation in its struggle for its sovereign rights and the eradication of any vestige of colonialism. This bill must be discussed with broad sectors.

11. The Legislative Commission members will take office as soon as they are appointed. Until the members of the Legislative Commission are appointed, the Executive Branch will perform legislative duties through law decrees.

Issued in Panama City, 31 August 1989

Council Issues Proclamation

PA3108224989 Panama City Domestic Service in Spanish 2014 GMT 31 Aug 89

["Text" of proclamation issued by the General Council of State in Panama City on 31 August; read by Nander Pitti, minister of the Presidency—recorded]

[Text] Proclamation:

The Republic of Panama has suffered during the last 2 years the most merciless, brutal, ferocious, and ruthless aggression from the U.S. Government. The U.S. President decreed, in a most unusual action, economic sanctions against the Republic of Panama by using the

authority granted to him in times of war, and enforced measures that the U.S. Government has never adopted even against its fiercest enemies.

The U.S. Government simultaneously contacted international credit organizations and all the governments with which it maintains diplomatic relations to render difficult or impossible the granting of credits or loans to the Republic of Panama—even the sale of products, and all kinds of humanitarian aid.

In a violation of the Panama Canal treaties and international legal norms, the U.S. Army—supported by the U.S. Department of State—has become the only and unilateral interpreter of the provisions stipulated in the agreements regulating the relations between our two countries.

Within the framework of the U.S. policy of intervention and interference in our internal affairs, the 7 May general elections were invalidated by the U.S. authorities' actions, with the help of their local allies—who resorted to all kinds of dishonest actions.

The Electoral Tribunal of Panama decreed, within the framework of its constitutional and legal purviews, the annulment of the elections and related juridical documents. The constitutionality of this action was recognized by the honorable Supreme Court of Justice.

Under these conditions we reach the eve of 1 September, the date in which the new Executive Branch and Legislative Branch authorities should be sworn in by constitutional mandate. This will not be possible given the annulment of the elections.

The legally appointed authorities are dutybound to maintain the institutions which comprise the Panamanian state, based on the laws in effect in the Republic of Panama; to counter any attempt by foreign governments or forces to manipulate the Panamanian people's juridical and political organization; and to ensure respect for the people's personality, sovereignty, and right to choose their political, economic, and social system, and to organize themselves in the most convenient way—based on Paragraphs B and E of Article 3 of the OAS Charter.

The General Council of State, as the national government's top organ of consultation, is the spokesman for the people's power and it is dutybound to maintain the country's institutional organization. Therefore, it must adopt whatever measures are necessary, and establish mechanisms that make it possible to meet those objectives. On this date, we have proceeded to designate a provisional government so that the country's institutional life is not altered in any way, until the necessary procedures are carried out for the adoption of a new constitutional order.

At this crucial hour for the destiny of the Republic of Panama, when all the dissociative forces unite to destroy our essential attributes as an independent nation in an attempt to allow the perpetuation of foreign domination in our country, we believe the time is right to urge all good Panamanians to decidedly defend our homeland by identifying internal and external enemies and opposing their plans and actions.

The time has come to choose between dignity or being a colony, and good Panamanians will wage this struggle to the end—either on our feet or dead, but never on our knees.

Council Names New Leaders

PA3108182189 Panama City Cadena Exitosa in Spanish 1758 GMT 31 Aug 89

[State Council Agreement No 2 dated 31 August, appointing members of Provisional Government of the Republic of Panama, read by Presidency Spokesman Jose Hernandez—live]

[Text] The General State Council agrees:
Article 1: Francisco Rodriguez is appointed provisional president of the Republic of Panama.
Article 2: Carlos Ozores Typaldos is appointed provisional vice president of the Republic of Panama.
Article 3: This agreement will be effective 1 September 1989.

Issued in Panama City on 31 August 1989.

Arias Wants Western Nonrecognition

PA3108190189 Hamburg DPA in Spanish 1810 GMT 31 Aug 89

[Text] Panama City, 31 Aug (DPA)—While the Panamanian General State Council was discussing the formation of the new Panamanian Government, the Panamanian opposition was calling on the Latin American, North American, European, and Asian democracies not to recognize the new regime that the current Panamanian Government will inaugurate tomorrow.

Christian Democratic Party President Ricardo Arias Calderon asked the democratic countries of the world to express "their solidarity with Panama by not recognizing the new Panamanian Government and by reducing its dealings with it to the minimum, but without ending their presence in Panama so that they accompany the Panamanian people in their struggle for democracy.

Asked to give his opinion of Francisco Rodriguez, who was today elected the new Panamanian president by the General State Council, the opposition leader said that Rodriguez is a "maggot" in a water tank, which is the current dictatorship.

Arias Calderon added that the opposition will continue its struggle "with all the existing peaceful means of resistance to win the battle without blood or violence."

Arias stated that if at the OAS, General Manuel Antonio Noriega's involvement in drug trafficking activities is proved, he, "as any other criminal, should be brought before Panamanian justice."

In addition, opposition leader Guillermo Endara said that the opposition will continue its struggle with renewed spirits so that its triumph in the 7 May elections, which were annulled by the government, is recognized.

Anti-Noriega Struggle Renewed

PA3108200489 Panama City ACAN in Spanish 1820 GMT 31 Aug 89

[Text] Panama City, 31 Aug (ACAN-EFE)—The Panamanian opposition announced today that it will renew its peaceful struggle until "it defeats the dictatorship of General Manuel Antonio Noriega," chief of the Panama Defense Forces [FDP].

In a news conference held today, opposition leader Guillermo Endara, who describes himself as the Panamanian president-elect, said: "We are ready to go until the end of our struggle," although he refused to mention more specific measures.

Endara and his running mates, Ricardo Arias Calderon and Guillermo Ford, who participated in the 7 May elections that were later annulled, made this announcement a few moments before the General State Council appointed current Comptroller General Francisco Rodriguez as the new Panamanian president, replacing Manuel Solis Palma.

Rodriguez' vice president will be Carlos Ozores.

Endara, who claims the election victory of the annulled 7 May elections, said: "This year we brought Noriega to his knees. We made great progress in our struggle, and we will remove him from the FDP command."

Endara warned that the president appointed today to replace Manuel Solis Palma will solve neither the Panamanian crisis nor the international isolation the Panamanian regime is facing.

Ricardo Arias Calderon, first vice presidential opposition candidate for the 7 May election, said that the country's isolation is manifested in the call made by the Group of Eight member countries—with the exception of Mexico—to their corresponding ambassadors in Panama.

Arias Calderon, president of the Christian Democratic Party (PDC), the largest opposition party, asserted that the continuation of the current regime represents a danger for "Panamanian sovereignty and the full nationalization of the canal," in December 1999, "which is a demand of all Panamanians" in accordance with what is stated in the treaties signed with the United States in 1977.

Endara did not say whether the United States would recognize him as the new Panamanian president as of tomorrow, as it did with Eric Arturo Delvalle at the very moment he was deposed by the Panamanian Parliament in February 1988 when he tried to dimiss Gen Noriega from the FDP command.

Endara said: "We only hope that (the governments) recognize us as president elect, and when we assume power, we will ask the democratic world" to recognize us as the legitimate Panamanian rulers.

The PDC stated today that the regime and Gen Noriega are preparing a "new coup d'etat", which will leave the country "without a remnant of a constitutional government as of tomorrow."

Referring to the General State Council meeting that is being held today to appoint Solis Palma's replacement, the PDC asserted in a communique that "Gen Noriega's regime is acting against the people's sovereign will expressed on 7 May."

According to the PDC communique, "during the preparation of this new coup d'etat, repression has increased significantly and there has also been a drastic reduction of freedom of expression. This includes persecution and arrests of many opposition members, as well as the militarization of public employees."

The communique adds: "As a result of the new coup d'etat, the economic and financial crisis will worsen, the people's repudiation of the regime will increase, the international isolation of Panama will deepen, and our national sovereignty will be in greater danger."

Perpetuation of Noriega Regime Noted

PY3108193889 Madrid EFE in Spanish 1850 GMT 31 Aug 89

[Text] Lima, 31 Aug (EFE)—Panamanian opposition leader Ricardo Arias Calderon today described the appointment of Francisco Rodriguez to the Presidency of the Republic as "a perpetuation of the dictatorship." Arias made these statements during an interview with a Peruvian radio station.

Arias Calderon, president of the Christian Democratic Party (PDC), the largest Panamanian opposition party, said that both the Panamanian president-designate and Vice President Carlos Ozores "have for many years been government officials of the current military regime."

"They both represent the perpetuation of the regime and serve as a facade for General Manuel Antonio Noriega's control over power," Arias said during a telephone interview with Radioprogramas del Peru.

"The Panamanian people received this appointment without any kind of enthusiasm, and they understand that we are facing a perpetuation of the dictatorship and not a significant change," the Panamanian opposition leader said.

Arias Calderon stated that the military regime should have recongnized "the overwhelming" victory of the opposition in the 7 May elections. These elections were annulled by the government 3 days later to undertake "the effective democratization of our country."

Arias Calderon added that the Panamanian State Council's appointment of Rodriguez as president shows "the regime's great concern over the financial crisis we are experiencing." This crisis has resulted in a 43-percent decrease in the state's income.

Arias Calderon also said that Rodriguez is well aware of the status of the Panamanian economy because he has held the post of comptroller general.

National Holiday Declared 1 Sep

PA3108200989 Panama City Domestic Service in Spanish 1935 GMT 31 Aug 89

[Communique issued by the Presidency Press Secretariat in Panama City on 31 August]

[Text] In view of the inauguration tomorrow, 1 September, of Francisco Rodriguez and Carlos Ozores Typaldos, as president and vice president, respectively, of the Panamanian provisional government junta, the Panamanian Government has declared 1 September a national holiday.

The national holiday is decreed in accordance with what is established in Paragraph 9 of Labor Code Article 46.

Consequently, all public institutions and private businesses will remain closed throughout the country tomorrow.

Noriega Lauds Solis Palma

PA3108231589 Panama City Domestic Service in Spanish 2025 GMT 31 Aug 89

[Speech by General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces, at the Palace of the Herons presidential palace in Panama City on 31 August—recorded]

[Text] Comrades of the General Council of State: At this solemn session, the Panama Defense Forces [FDP] must attest to the fact that Manuel Solis Palma is a man of firm character who at the time of the coup in 1968 did not have a patriotic personal background but who has already gone down in Panamanian history. He firmly and decisively opposed the 1968 coup.

However, because of the firmness of his character, he was capable of acknowledging that he agreed with certain principles for which he had struggled prior to 1968. With the greatness that characterizes superior men, he was also capable of supporting the dreams he had entertained during his past struggles. It is thus that circumstances and decisions led to his becoming president—without his seeking the office—at the toughest and most difficult of times. The FDP, and I speak on behalf of all my comrades as well as for myself, could add a great deal more to this statement. However, this is a message from the institution and not a personal one, thus I must overlook these statements, although I tacitly include them.

This man, who will leave the palace as president, will continue being for the FDP—and I would suggest that for the government also—a man of importance, a team worker, and a man who must not yet retire, who should, and who must continue at our side.

Mr President, comrades of the General Council of State, this is the FDP's testimonial. We are grateful to you for being president during the most difficult period. As a member of our team I found you to be a man who never faltered or hesitated and who, perhaps, was always ahead of us in making decisions. This is the FDP's testimonial. Thank you.

Solis Palma on Government, Noriega

PA3108234989 Panama City Domestic Service in Spanish 2030 GMT 31 Aug 89

[Speech by Manuel Solis Palma, minister in charge of the Presidency, at the General State Council session held at the Presidential Palace in Panama City on 31 August—recorded]

[Text] General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces [FDP], members of the FDP General Staff, Mr Attorney General, Mr Comptroller General, Mr President of the Legislative Assembly, gentlemen area representatives, gentlemen ministers of state, gentlemen directors of autonomous institutions, friends:

It truly moves and pleases me to be able to complete a presidential term in office that, as many of you have already said, has been a very difficult one. I am especially pleased because the commander in chief of the FDP, in representation of the FDP; my friend Francisco Rodriguez, who is going to assume and continue this difficult task; and you, with your applause, have recognized that it has been a difficult term in office. I would like to say, however, that in this difficult struggle we have waged and continue to wage—and I wish to add that I will continue to help wage this struggle—I did my best. I confronted all the difficulties. However, I must admit that I always did this with the cooperation of the members of the FDP; I did it with your cooperation Mr Commander in Chief, with the cooperation of the attorney general, the comptroller general, the Legislative Assembly, the representatives, the ministers of state, and directors of the autonomous institutions. We had some problems, perhaps because I was too demanding. However, it was not intentional; it was due to anguish I experienced when I saw all that had to be done, the need to not make mistakes, and to put all the resources at hand to service a cause that is above all of us—that is, the Panamanian cause.

Many times, perhaps because of that desire to do all and knowing that there was not enough time to recover and promote the well-being of the Republic, one finds oneself pressured. This does not help one to act in the best way, but I do wish to say that deep down, I never intended to create personal problems for any of you. All I wanted was

to demand the most so that each institution and ministry would produce what the country needs at this moment.

I think the government has a good team, especially a team with great loyalty for the national liberation cause. However, I will continue to insist that the problems have not ended. Quite the contrary, I think we still have to do more. We must continue to confront the heightening of the aggression by the United States and the situation of the countries that also feel pressured and cannot offer us their help, countries that cannot even offer us moral help, much less the economic and financial help we need. We do have a long arm, as the commander in chief said a few days ago, but it is a long arm for other things. However, we have to deal with the long arm of the United States, which is trying to prevent us from getting help and trying to drown us.

We have to keep facing all this because we have won the greater portion of the struggle, but we still have a long way to go. What will follow from now on will perhaps be much harder. This is why I think we should fully support our friend Francisco Rodriguez, the new president; Vice President Carlos Ozores; and all of the government staff. All of us Panamanians who hold specific positions should make every effort to cooperate with them. Theirs will not be the work of an individual. We will not be doing it for them, but for the Republic, our country, and our nation. Somebody must lead, somebody must sacrifice, make an effort, and coordinate the work of all.

The work will not be only of the president, vice president, and the ministers of state, but of all of us. Should I now refuse to cooperate with you, the Panama Defense Forces, I would be betraying my constant devotion to help my country. You can rest assured that I will continue to cooperate firmly, with my limited knowledge and experience, in the national liberation struggle.

I want to express my lasting admiration for the current Panama Defense Forces. We cannot judge them in the light of what they were at one stage in the country's history or what they could become in 20 or 30 years if we fail to preserve them as they now stand; if we do not help these Defense Forces continue to follow the path of national liberation and improvement of the country. In the name of the symbiosis that has been maintained between the people of Panama and the Defense Forces, let us pray to God and work so this joint effort remains unchanged. With a different defense force, the national liberation struggle would have succumbed, despite the great number of Panamanian patriots.

Today we owe the Panama Defense Forces the strength to keep struggling. Let us support them. Let us not leave them with all the work to do. Let us also help them share the weight of the Panamanian nationality. Commander, I want to express my recognition and admiration for the work the Defense Forces do.

I also want to express my gratitude to all those who cooperated with me. Today I want to promise that I will keep struggling beside you as long as I can because I cannot stop struggling for the national liberation to reinforce the Panamanian nationality and create a free, sovereign, and independent nation because otherwise I would have betrayed all my years of struggle. Thank you. [applause]

ADOC Leaders Reject Government

PA0109000989 Panama City Telemetro Television in Spanish 2322 GMT 31 Aug 89

[Text] The Civic Democratic Opposition Alliance [ADOC] today rejected the new provisional government which was appointed in Panama and reasserted its pledge to continue peacefully struggling for democracy, justice, and liberty.

[Begin recording] [Guillermo Endara] The ADOC will continue its struggle and gather new momentum on 1 September, meaning that 1 September will not mark the end of our struggle—quite the contrary, we will renew the struggle. We know that 2 September will bring a new day and we will find ourselves in a worse situation because we will have a government that is much more illegitimate and much more imposed on the people than the current one.

[Ricardo Arias Calderon] The pledge to wage a democratic struggle is also a pledge to wage a peaceful struggle because it is inherent in the Panamanian people's personality. We will use all the political means and the means for a peaceful resistance according to the circumstances; and we will win the struggle in the Panamanian style—without blood and without destruction.

[Guillermo Ford] Undeniably, there can be no civilized people who want sanctions of any kind, and our people are no exception. We, the members of the ADOC, do not agree with new sanctions—from anyone—but we must bear in mind the sanctions already enforced by the U.S. Government. [end recording]

New VP on New Government

PA0109034989 Bogota Inravision Television Cadena 1 in Spanish 0226 GMT 1 Sep 89

[Interview with Provisional Vice President Designate Carlos Ozores Typaldos by Yamid Amat at the Omar Torrijos Museum in Panama City on 31 August—recorded]

[Text] [Amat] We are here at General Omar Torrijos' former residence, which has become a Panamanian history museum, and we are here with Dr Carlos Ozores, who was chosen today to become the new vice president of the Republic of Panama and who will be sworn in tomorrow. Dr Ozores, we think that all vestiges of the Constitution have been abolished by the Panamanian Government.

[Ozores] The Constitution has definitely not been ignored. This action was taken for obvious reasons. The

Panamanian elections were annulled, and it was necessary to form a government to fill the void once President Manuel Solis Palma's term ended. This has definitely been a political measure, and the Panamanian Constitution is still in effect—all the articles are fully in effect.

[Amat] But they are not complied with.

[Ozores] I meant that the ones concerning the elections or the swearing in of whoever won the May elections are not being complied with because the elections were annulled.

[Amat] What are the provisional government's plans?

[Ozores] A statement was issued this morning stating that the government has been termed a provisional government and that is our intention. Unfortunately, the dialogue with the opposition parties failed to achieve results. We would have liked for a provisional government including members of the opposition parties to have been sworn in tomorrow.

However, I repeat, a statement was issued this morning stating that in 6 months an evaluation will be made to assess if the conditions are right to call for elections. We say that the basic conditions for holding elections in Panama is that the country return to a state of normalcy vis a vis the United States, even if relations are not restored. For example, the money being withheld should be returned, and the economic aggression and the threat of force should be suspended.

[Amat] Mr Vice President, the Colombian Government and the other Group of Eight member nations, which now number seven, withdrew their ambassadors from Panama to express their displeasure with what is taking place in Panama. Do you want a break in relations?

[Ozores] No, I would say that the ambassadors' withdrawal before 1 September—I believe that Colombia withdrew its ambassador 3 or 4 days ago—was logically with the intention of waiting for an announcement today in Panama. We must recall that the press was even talking about a possible military junta.

[Amat] Yes.

[Ozores] I believe that if such a withdrawal ... [changes thought] if the ambassadors were withdrawn and such an announcement had been made, a large number of countries would obviously not have sent back their ambassadors.

[Amat] In other words, you believe that the governments that withdrew their ambassadors will now send them back.

[Ozores] Well, I can practically state that, as far as Colombia is concerned, the Colombian ambassador will return to Panama.

[Amat] What about President Rodriguez' government—and yours? Is there something democratic about it?

[Ozores] Well, we... [changes thought] An important thing was also announced this morning. The Legislative Assembly's term is up, so the law will be enforced by a group of 41 people, including 20 opposition members, with the intention of reforming the electoral code and reforming the Electoral Tribunal of Panama.

[Amat] Another thing, Mr Vice President. Do you believe that the dialogue with the opposition will be renewed during the next 6 months?

[Ozores] I do not know if the dialogue will resume, but I have faith that the opposition's very prestigious members will agree to join the 41-member legislative group. I believe that it has been clearly understood that we all want to prepare the country for elections. The impression has been given that one sector of Panamanians want democracy and the other does not. President Rodriguez and I are among those who want democracy; we believe that democracy is the best form of government.

Unfortunately, elections in Panama were held under very special conditions. Many people criticized Panama because they thought it would have been easier to suspend the elections because of the abnormal situation that prevailed in the country at the time: the U.S. aggression, and an economic situation that rendered the government's situation totally disadvantageous in comparison with the opposition parties. However, despite the situation, the famous elections were held as scheduled, and the results were numerous irregularities which prompted an annullment.

[Amat] Doctor Ozores, you are a member of the Panama Canal Commission [PCC] board of directors. Are the canal treaties threatened?

[Ozores] I do not believe the United States has the slightest intention of continuing to administer the canal beyond the year 2000. However, it is evident—because when we speak of the treaties we must also consider the military bases—that the United States wants to remain in Panama militarily beyond the year 2000. Therefore, we must differentiate the Americans' desires in regard to the canal itself and to its military bases.

As a Panamanian member of the PCC board of directors, I am exclusively involved with the waterway, and I am sure that the United States does not intend to continue administering the canal beyond the period established in the canal treaties.

[Amat] Thank you very much, Carlos Ozores; the man who will be Panama's vice president as of tomorrow.

Media Review of Political, Economic Situation

PA3108162689

[Editorial Report] The following is a review of material from Panamanian and regional media related to the current political and economic situation in Panama. This review draws solely on broadcast and press reports monitored by FBIS Panama Bureau. The review covers the period from 28 to 31 August and includes some items that have been processed in fuller form.

Junta Government Rumored

Foreign news agencies operating in Panama on 30 August reported that a government junta comprising representatives of the governing Democratic Revolutionary Party (PRD), an "independent opposition" party, and the Panama Defense Forces (FDP) "probably" will take power on 1 September. The Civic Democratic Opposition Alliance (ADOC) was not named by the news agencies as a participant in the junta. The major Panamanian evening radio and television newscasts on 30 August reported that Manuel Solis Palma, minister in charge of the Presidency, had called for a meeting of the General State Council to discuss the formation of a new government but did not provide further details.

According to the French news agency AFP, which cited government sources, the civilian-military junta will be led by Carlos Duque, the former pro-government presidential candidate and current president of the PRD, Hildebrando Nicosia, the president of the Arnulfista Authentic Panamenist Party (PPAA), and Colonel Marcos Justines, chief of the FDP General Staff. The West German news agency DPA later reported that the composition of the provisional government had been "beset by last-minute complications" stemming from differences between the PRD and the smaller pro-government parties involved in the negotiations.

Foreign Minister Resigns

The Panama City newspaper LA ESTRELLA DE PANAMA on 31 August carried the text of a resignation letter from Foreign Minister Jorge Eduardo Ritter to Presidency Minister Solis Palma. In the letter published on LA ESTRELLA's front page, Ritter said that "the current political circumstances call for public officials to set aside their personal interests for the sake of urgent national purposes. The fact that our country must comply with certain international commitments in the very near future leads me to make this decision." Although the resignation letter is dated 28 August, Ritter was still speaking to news reporters in his capacity as foreign minister on 29 and 30 August. There have been no media reports that the government has accepted Ritter's resignation.

The other major morning Panama City newspapers, CRITICA and MATUTINO, did not publish Ritter's resignation letter. The government-controlled radio station Panama City Domestic Service broadcast announcer-read excerpts of the letter at 1220 GMT without further comment.

New Government Formulas, U.S. 'Invasion' Plans Dominate Media

In the days preceding last night's foreign news agency reports on a civilian-military junta, domestic media gave extensive coverage to a spate of proposals and formulas for the new government that would replace the Solis Palma administration on 1 September. An equally prominent theme in recent media reportage has been the threat of an imminent "U.S invasion" and Panamanian preparations to rebuff "U.S. aggression."

Presidency Minister Solis Palma and Foreign Minister Ritter on 29 August told news reporters that a constitutional solution to the country's political crisis does not exist. Ritter, however, suggested that a government junta would be "less illegal" than other proposals, and added that the junta "probably would be closer to what the Constitution mandates." Neither Ritter nor Solis Palma elaborated on who would comprise the junta, or whether the opposition would be invited to participate. Solis Palma ruled out "special government powers" for General Manuel Noriega as a possible solution while at the same time declaring that the United States' insistence on Noriega's retirement is "unacceptable." The Presidency minister went on to say that whatever the composition of the provisional government, talks between government and opposition representatives should be resumed "because we need a political solution."

On 28 August, representatives of the eight parties of the pro-government National Liberation Coalition (COLINA) met with the president of the "independent opposition" Arnulfista Authentic Panamenist Party (PPAA) to discuss plans for a new government. Notably absent from the meeting were members of the Civic Democratic Opposition Alliance (ADOC), which declined an invitation to attend. PPAA President Hildebrando Nicosia expressed confidence that the party officials at the meeting would reach an agreement which could then be proposed "to the executive and the Panama Defense Forces (PDF)." Nicosia said that "by 1800 on 31 August, at the latest, the representatives from these parties, along with the executive branch, will present a solution we deem feasible to overcome the political crisis...."

Meanwhile, the views of Panamanian lawmakers on the future of the Legislative Assembly and its role in resolving the political crisis have been given wide media coverage. The government-owned Televisora Nacional television station on 29 August broadcast remarks by PRD legislator Clemente Abrego, who said that whatever the decision of the political parties, a national legislature must continue to exist. Speaking on behalf of an unidentified group of legislators, Abrego said that the elimination of the legislative branch would place Panama "in a difficult position externally because all countries in Latin America and throughout the world-...see the assembly as the most genuine expression of democracy." Abrego added that it would be "contradictory," in the absence of an agreement by all parties to the political controversy, to eliminate the Assembly, the municipal-level Corrigimiento representatives, or any other state institution.

Preparations for U.S. Intervention

Newspapers and broadcasts over the last several days have been replete with official statements, commentaries, and reports on an "imminent U.S. invasion." Calls for the "defense of the homeland" have been issued by sources ranging from Presidency Minister Solis Palma to editorial writers in regime-controlled media. Solis Palma, in explaining the need for the paramilitary Dignity Battalions, said "in the event of an aggression, we must have the necessary reserves to repel it." The Presidency minister denied that government workers are being forced to join the battalions but said that those who volunteer must be trained. He added that volunteers will not be armed "except when required."

The recent recruiting campaign for the Dignity Battalions has been complemented by the formation of dozens of Committees for the Defense of the Fatherland and Dignity (CODEPADI) in government institutions. According to Panama City Televisora Nacional, the CODEPADI are groups assigned to the Dignity Battalions that are "entrusted with defending and protecting the institutions where they work in response to threats of a takeover by groups that are hostile to the national government." Dario Fernandez, the director of the General Directorate for Community Development (DIGEDECOM), said that in addition to security of public buildings, the CODEPADI will be involved in counterintelligence. Fernandez cited this as an important task "because we have reports that there are many leaks by people who have arrived from other places and countries—mercenaries, to call them by their proper name."

Other "preparatory" measures reported by Panamanian media include the assignment of public employees, on a rotating basis, to guard duty at their places of work during off-duty hours. The Health Ministry has placed all state-run hospitals and health centers in "the precautionary stage of a general alert." The National Savings Bank, which normally operates on Saturdays, has announced that it will be closed on 2 September. In addition, the Panama City government reiterated on 30 August that all demonstrations "and large gatherings with the evident purpose of disrupting public order" are banned through the municipal district. Meanwhile, the government media directorate warned that it will take action against those involved in "radio terrorism and subversion." The directorate was referring to incidents in which "the daily broadcasts of a large number of radio stations are being jammed by people who are attempting to disrupt public order with slogans and proclamations against the duly constituted institutions." From 28 to 30 August, FBIS Panama had not observed "jamming" or other deliberate interference with monitored Panamanian radio broadcasts.

Ambassador to UN Comments on OAS Meeting

PA3108194289 Panama City Domestic Service in Spanish 1710 GMT 31 Aug 89

[Text] The OAS cannot become a court of law and is not authorized to review matters that are not explicitly included in its charter, said Julio Yau, Panamanian alternate ambassador to the United Nations.

Yau said that if the OAS becomes involved in irrelevant matters, it runs the risk of stepping beyond its authority, which could endanger its credibility, stability, and efficiency as a mechanism for concerted regional action.

The U.S. request to convene a special session of the OAS Permanent Council gives rise to the question whether the organization has jurisdiction to hear the evidence which Washington intends to present regarding the Panamanian crisis, the ambassador said.

If a controversial discussion is held without keeping certain principles in mind, it would not be fair to review just one single issue, which is what the United States wants. All aspects mentioned by the Panamanian representative at the 21st consultation session held on 23 and 24 February [as heard] should also be reviewed, including the foreign factors involved in the crisis, Yau said.

U.S. Army 'Modernization Project' Reported

PA0109030189 Panama City LA REPUBLICA in Spanish 29 Aug 89 p 2

[Report by Ruben Dario Diaz C.]

[Text] A group of U.S. Southern Command Army invading troops composed of 400 heavily armed units and experts have begun installing a parabollic antenna to modernize their communications center located near Building No 43 where the Panama Defense Forces [FDP] Public Relations Department is located. Building No 43 is located in the reverted area of Fort Amador.

On 16 July, the newspaper LA REPUBLICA DOMINICAL reported the U.S. imperialists' intention of perpetuating their military presence in Panama. The newspaper said that the U.S. Department of Defense Communications Directorate had approved a project devised by the General Electric Corporation to modernize the U.S. Southern Command communication center in the Panama Canal area.

The U.S. troops are installing a parabolic antenna that can trace any type of frequency. In addition, the troops are installing electric plants and a system that will allow them to get large amounts of fuel supplies in order to attack and take control of Panamanian military installations, especially the headquarters of the Victoriano Lorenzo-FDP 5th Infantry Company.

The modernization of the Fort Amador Communications Center will complement the communications system in the Quarry Heights (Ancon Hill) area, thus allowing the U.S. Southern Command Troops to complete their command capabilities.

The U.S. Southern Command also intends to modernize its communications system to improve the quality of its data processing and analysis, and create the conditions

to connect and use several military and civilian communications systems at the regional and global level.

Once the modernization project—scheduled for March 1990 and costing several millions of dollars in modern and sophisticated equipment—is completed, the U.S. Southern Command center in Quarry Heights will become "a command center in times of crisis."

It was also reported that the new communications system which is currently being installed in Fort Amador will include an electronic system in Galeta Island, on the Atlantic sector of the Panama Canal, which has one of the best overseas communications networks linked to 24 espionage satellites.

CODEPADI Training Volunteers for Combat

PA3008165089 Panama City Televisora Nacional in Spanish 2300 GMT 29 Aug 89

[Text] Approximately 800 public employees who have voluntarily joined the Committees for the Defense of the Fatherland and Dignity, CODEPADI, at the institutional level today began their training at the Revolucion Stadium to face a possible foreign armed attack.

The volunteers enrolled in the Rosa Elena Landecho, Latin Liberation, and Archangel San Miguel Dignity Battalions and the 16 December Torrijist Commando. Each group has its own tactical leaders who will organize the CODEPADI's.

Dignity Battalion Commander Enrique Thompson said that all public employees who are in the CODEPADI's will meet with their respective battalions tomorrow to continue their training.

Today's training took place under a continuous drizzle.

Further on Defense Committees

PA3108033689 Panama City Televisora Nacional in Spanish 2300 GMT 30 Aug 89

[Text] Committees for the Defense of the Fatherland and Dignity, CODEPADI, have been organized in all state offices. They have organized with a patriotic and nationalist spirit in preparation for the U.S. imperialists' aggression, who are planning to disrupt order and cause chaos and violence in the next few days with assistance from its internal allies.

To defend and watch over security of the country's government offices, the CODEPADI's are undergoing intensive training under the coordination and supervision of the G-3 office of the Panama Defense Forces General Staff. Over 1,000 members of these committees are being trained on how to partially assemble and disassemble T-65 rifles and on military tactics used to seize enemy defense posts with the least possible risk.

The training is being given simultaneously in San Miguelito, Tocumen, Fort Amador, and the Barraza Stadium. In coordination with the Dignity Battalions, CODEPADI members are undergoing physical training and receiving instructions on the handling of light weapons and the assigning of personnel to various tasks.

The Committees for Overall Defense of the CODEPADI's are undergoing intensive training and conscientiously preparing to defend the nation's sovereignty. Their members categorically assert that they have not enrolled in these committees to protect their jobs but to defend our homeland's integrity and dignity.

To cite an example of a typical CODEPADI, the 16 December Torrijist Command has 263 civilian members ranging in age from 19 to 63 years. Together with other contingents, like that of DIGEDECOM [General Directorate of Community Development], they are undergoing physical training and getting tactical knowledge from Dignity Battalion instructors. Under the motto of "For Panama, One's Life," the CODEPADI members are zealously training with the conviction that their participation in this struggle for national liberation is aimed at bequeathing to future generations a free, sovereign, and independent homeland.

Internationalist Brigade Vows To Defend Country

PA3108010789 Panama City Circuito RPC Television in Spanish 2322 GMT 30 Aug 89

[Text] Members of the Victoriano Lorenzo Internationalist Brigade that fought against Nicaraguan dictator Anastasio Somoza between 1978 and 1979 have announced that they are on the alert against the possibility of any armed aggression in violation of our sovereignty. The brigade's spokesman Pedro Lopez had this to say:

[Begin Lopez recording] We have formed special commando groups throughout the country. We can mention those in Panama Province, named for Division General Omar Torrijos Herrera; in Los Santos and the central provinces, named Dario Salvatierra, in honor of one of our best men in the Nicaraguan struggle for liberation, and so on. There are special commando groups in all the provinces.

Our position is one of struggle, of armed struggle, because our people are experienced in combat. They know what it is to sweat and shed blood under fire. They are experienced with the inclemencies of bad weather and swollen rivers, but they carry something great in their hearts: the tricolor flag of the fatherland. We took an oath: If it were necessary to fight again, we would fight in Panama, and we are going to fight in Panama, even at the cost of our lives. We will defend all Panamanian citizens, because we believe Panama belongs to all of us. We are also going to defend Noriega and President Solis Palma. [end recording]

Radio Station Manager Explains 'Interference'

PA3108184189 Panama City Cadena Exitosa in Spanish 1530 GMT 31 Aug 89

["Special message" by Aristides de Icaza, Radio Cadena Exitosa owner and general manager, in Panama City—live]

[Text] Hello friends throughout the country. Welcome to Radio Cadena Exitosa, the great Panamanian radio station.

In view of the many phone calls received at our radio station regarding the interference which we have been experiencing on our various frequencies and which is affecting our transmissions, we would like to tell you that the interference is beyond our control.

The interference is beyond our technical reach, because it is a very powerful signal and much stronger than ours. The signal is transmitted by highly sophisticated equipment and it is affecting our transmissions.

Christian Democratic Party Condemns New Arrests

PA3108164189 Panama City Circuito RPC Television in Spanish 1730 GMT 31 Aug 89

[Text] The Christian Democratic Party [PDC] has issued a communique condemning the new arrests made by the authorities of members and activists of this political organization, claiming these have been done without explanation or official charges. In fact, six more persons were arrested late in the afternoon on 28 August Panama City. They include Juan Paez, a member of the PDC youth, who was arrested in Bethania together with his mother and sister. In Puerto Armuelles, other PDC members were arrested.

The PDC states that in addition to these actions that it describes as unjustified persecution by the authorities, the staff working at party headquarters on Peru Avenue is constantly receiving threatening telephone calls. The communique points out that the party lawyers have not been informed of the reasons for these arrests, and the authorities have not justified the actions.

Argentina

UK's Hunt Attends Meeting at Foreign Ministry

PY3108145489 Buenos Aires TELAM in Spanish 1426 GMT 31 Aug 89

[Text] Buenos Aires, 31 Aug (TELAM)—Ambassador Matias Ordonez, chief of Foreign Minister Domingo Cavallo's office, and British interests representative Alan Charles Hunt have been meeting since a little after 1100 in San Martin Palace, the Argentine Foreign Ministry.

This is the first time that a British official has been at the Argentine Ministry since 1982.

Hunt arrived at San Martin Palace accompanied by Swiss Ambassador in Buenos Aires Karl Fritschi. Jose Maria Otequi, Foreign Ministry director general for the Malvinas and South Atlantic Islands, was also present at the meeting.

Cavallo: 'Important Phase' in Talks

PY3108160789 Buenos Aires TELAM in Spanish 1526 GMT 31 Aug 89

[Text] Buenos Aires, 31 Aug (TELAM)—Foreign Minister Domingo Cavallo has described the first contact between Argentine and British Government officials in Buenos Aires and London as "an important phase in the normalization of diplomatic relations, while our sovereign rights over the Malvinas Islands remain protected by the so-called "umbrella." [quotation marks as received]

Cavallo, who made a brief statement in Government House after meeting with President Carlos Menem, stressed the importance of the meeting between British interests representative Alan Hunt and Argentine Foreign Ministry officials here and a simultaneous one in London between the representative of "our country," Carlos Goni, and Foreign Office members.

Cavallo reported that he has informed Menem on the subject and said that this is a phase in the normalization of relations between the two countries. He noted that "our sovereign rights over the Malvinas Islands remain protected by a diplomatic formula we have found, the so-called sovereignty umbrella, which will allow us to begin negotiations in Madrid next 17 October."

The minister reported that the delegation that will go to Madrid has not been made up yet, adding that "I am working on this subject right now." He said that this delegation will be made up of "diplomatic experts."

Ordonez Comments

PY0109032889 Buenos Aires Domestic Service in Spanish 0200 GMT 1 Sep 89

[Text] Foreign Ministry Cabinet Chief Matias Ordonez today met with the Swiss ambassador and with the chief of the UK interests section on that embassy. This is the first visit since the accord that Argentina and Great Britain reached in New York on 18 August 1989. After the meeting, Ordonez made the following remarks:

[Begin Ordonez recording] The date and the agenda of the meeting to be held in Madrid have already been established at the talks in New York. In our meeting today, the main issue was the satisfaction that both sides expressed over the meeting. We stated that this was another expression of our desire to make progress toward the normalization of our diplomatic relations, and that we felt that we were expressing the feelings of the entire people, who want peace and the improvement of Argentine-UK relations. [end recording]

Even though it has not yet been proposed, Ordonez mentioned the possible meeting between President Carlos Menem and Prime Minister Margaret Thatcher.

[Begin Ordonez recording] That issue was not analyzed and, as I have already said, neither Argentina nor Great Britain has as yet made any decision on the subject. Nor have there been any talks on a possible meeting between the leaders. [end recording]

Menem To Deliver Speech at Nonaligned Meeting

PY3108025289 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2051 GMT 31 Aug 89

[Text] Buenos Aires, 31 Aug (NA)—President Carlos Menem will call for the economic development of the Third World and for "pragmatism" on issues related to the foreign debt in the speech to members of the Nonaligned Movement in Yugoslavia next week.

A high government source told NA that Menem will also address the "urgent" need to preserve the environment and to "remove the ideology issue" from the East-West conflict.

Menem will leave for Yugoslavia this weekend to attend the meeting of the Nonaligned Movement, which will discuss terrorism and international drug trafficking as well as the foreign debt and international trade.

The government source told NA that Menem will emphasize "open" bilateral relations and that he will also refer to drug trafficking and its incidence in Latin American countries.

Menem will also talk about the Argentine-British conflict over the islands of the South Atlantic and "the progress made in the talks aimed at resuming commercial relations."

The source added: "Of course, it will be made clear that the sovereignty issue is under an umbrella. The speech will concentrate on the Argentine desire to resume commercial relations."

Menem will also call for peace and for a "reduction of nuclear arms."

Regarding the need to preserve the environment, Menem will mention the "great influence" of the highly developed

countries. He will "emphasize the great responsibility of the industrialized countries in this matter."

Menem will deliver his speech on 5 September. It will be his first participation in a top-level meeting since his inauguration on 8 July 1989.

Cavallo To Attend Japan GATT Meeting in Nov

PY3108034689 Buenos Aires DYN in Spanish 2352 GMT 30 Aug 89

[Text] Buenos Aires, 30 Aug (DYN)—Foreign Minister Domingo Cavallo will travel to Tokyo, Japan, in mid-November to participate in the informal GATT meeting at the ministerial level.

Cavallo has informed Japanese Ambassador Yoshio Fujimoto about his decision to accept the invitation extended to him by the Japanese Government.

* Rapanelli: Key Factors to Economic Recovery

33480250a Buenos Aires LA PRENSA in Spanish 30 Jul 89 Sec 2A pp 1, 2

[LA PRENSA interview with Economy Minister Nestor Rapanelli—date and place not given; first four paragraphs are introduction]

[Text] Economy Minister Nestor Rapanelli contended that the buying power of wages has to increase by more than 100 percent in August. In an exclusive interview with LA PRENSA the minister also indicated that if there is an increase, it would have to be accompanied by a rebound in consumption and that consequently the demand for credit by business would pick up.

Referring to the basic points in the economic plan that are designed in an initial stage to end hyperinflation, the minister let it be known that the price agreement would have to end, if possible, on 15 September, not in 90 days as it was originally supposed to. As for interest rates, they should drop rapidly in August to single digits.

He made it a special point to emphasize the differences between this plan and other recent economic adjustment programs, noting in this regard that this time people are getting clear signals. The main ones are the administrative emergency law, the entire privatization plan, and the elimination of subsidies and industrial promotions, among others. As for the exchange rate, he stated that stability must come through steady prices, which should not increase in either August or September.

'The Economy Depends on Credibility'

We reproduce below the text of LA PRENSA's dialogue with Minister Rapanelli:

[LA PRENSA] Mr Minister, we would like to focus in this interview on short-term policy, which is already having an impact on markets. From this standpoint, you may have a big problem, which is the stability that you have achieved, inasmuch as it depends on the exchange rate remaining fixed and the interest rate being strongly positive in dollars. As a result of this, the problem of off-budget spending is getting worse, not better. How do you view this problem?

[Rapanelli] Based on the experience gained whenever plans to combat hyperinflation have been put into practice in the world, real interest rates have remained high for a given period. In other words, interest rates have not fallen abruptly. In Argentina's particular case, I think that owing to psychological factors people are reluctant to believe in very sudden drops in interest rates. I would like to clarify the following about this. In July people are aware that there is going to be very high inflation, maybe 170, 180, or 190 percent, and the range I mention is broad because we don't have exact numbers for this yet.

It is very unlikely that people will reason that there was one inflation rate until the 20th and another, lower one afterwards. Therefore, it is unlikely that they will conclude that a 3 or 4 percent interest rate is a good deal.

Now then, you mentioned before that the demand for money comes mainly from the public sector, and you're right. What we have here are two factors. One factor is that it won't be until September that we feel we won't need to support state-run enterprises through the Treasury anymore. The budget deficit won't disappear until September or October, at which point there will be a favorable situation. The other favorable situation is that we feel that in August there has to be a recovery in buying power, which we hope is over 100 percent. If we applied price controls, it is because in one way or another we wanted to promote a certain course of conduct, which normally has to arise from a business decision. But since we came in with a given structure among companies that caused the low output of recent months, we were afraid that businessmen would start working on prices. So we decided to promote stable prices and have them work on output. Thus, if buying power increases, there will be a pickup in demand and, therefore, a recovery in the demand for credit by business.

[LA PRENSA] But before you began to implement the plan, the future officials were already cautioning about the huge increase in rates that was going to happen. There was talk of a high exchange rate. And there was also mention that the supply law was not going to be eliminated, that there could be a price freeze. So then, could it be that you started off with the almost naive belief that rates could be increased fivefold and the official exchange rate doubled without causing prices to rise?

[Rapanelli] No, please. We clearly realized that the adjustments in the rates and in the exchange rate had to cause a jump in inflation. The 150 percent inflation rate was no surprise to us.

Brutal Markups

[LA PRENSA] I asked the question because there was talk of brutal markups, as if businessmen were being

rash, when in fact they were trying to cover costs that were on the way and, moreover, have some profit margin in the event of a freeze, which they knew was going to last at least 90 days.

[Rapanelli] Quite so.

[LA PRENSA] This situation causes the problem that an exchange rate of 655 australes, which may have been high before these increases, no longer is. Prices in dollars are now rebounding fast. So if all this really depends on the exchange rate remaining fixed, it seems to me that the so-called brutal markups have eaten up a major part of the cushion.

[Rapanelli] Brutal markups would have eaten up the cushion to the extent that they exceeded the real impact of the adjustments that were made. What happened was that the markups were brutal because the reasons for such markups did not yet exist. So, a lot of people tried to get an early start and discounted the increase. To me, then, the markups were brutal because the conditions were not yet in place. In other words, I don't think this will hurt the plan.

We are assuming that buying power is going to increase by more than 100 percent in August. At that point one could think that the economy could heat up again, very slightly of course. Under those circumstances, what I would like is for there to be a real move to higher sales. What I think is that we have to start emerging from the price agreement on 15 September, if possible, not in 90 days. I think that we have to start moving away from it long before 90 days, at least for a given range of products. I don't believe in price controls. What we hope is that this price agreement is the prelude to definitively decontrolled prices.

Domestic Debt

[LA PRENSA] I'll change the subject on you. There is one issue that is more serious than the Treasury. The Central Bank still has debts to the financial institutions. The debt is earning a monthly interest that cannot be paid with genuine funds. Because there are exchange controls, there is necessarily an expansion of the monetary base owing to the external sector, which is being neutralized by the issuance of Telephone Company notes, which has expanded substantially. These two things are generating an off-budget deficit that is impossible to manage. How do you plan to defuse this time bomb?

[Rapanelli] We believe that the off-budget deficit will probably not disappear completely but has to shrink appreciably and that it has to keep declining while the amount of credit earmarked for the private sector increases.

[LA PRENSA] But your problem is interest rates, which are strongly positive.

[Rapanelli] No. Interest rates ought to start falling rapidly. I think that by mid-August they should be in single digits. By September we're expecting an almost zero inflation rate.

[LA PRENSA] All the same, though, with a slightly positive interest rate the debt cannot be paid off either.

[Rapanelli] The domestic debt is not that serious.

[LA PRENSA] The problem is the pattern of maturities.

[Rapanelli] We have $2 billion in domestic debt, plus government bonds....

[LA PRENSA] We have to compare that $2 billion with the public sector's debt-servicing capacity. What I'm getting at is that the interest that it earns is large in comparison to the potential for collecting genuine revenues to pay it. My question is: What can be done to pay off this debt?

[Rapanelli] We feel that there is going to be a remonetization of the economy, rising from $350 million to between $2.5 and $3 billion by year end.

[LA PRENSA] That is an eightfold increase in the monetization of the economy. Under the Springtime Plan there was a 63 percent remonetization from July to December, and with a very laggard exchange rate. In other words, under the Springtime Plan the demand for money increased 63 percent, and now we're asking for a 700 percent increase. I think that this is a key point, because to the extent that this remonetization does not come about, off-budget spending cannot be dampened. Therefore, if the remonetization that you're expecting comes about, you're out of the problem. But what if it doesn't?

[Rapanelli] Well, we think that it will. I would say that this is one of the points in the program.

[LA PRENSA] The problem is that exchange-rate policy causes a large expansion of the monetary base, which is costing you dearly because you have to reabsorb money by issuing Telephone Company notes at 15 percent. Therefore, you don't have your assumption of a remonetization that will enable you to finance the purchase of dollars from exports at no cost thanks to the remonetization. In other words, reserves are being built up again at a cost of 15.5 percent a month in dollars. This is too high a rate for people not to realize that it cannot last long, since such yields aren't available anywhere in the world. What people are doing is the same as during the Springtime Plan; they're selling dollars and investing the proceeds in the hope of making 15 percent a month in dollars. But if there is a falloff in wages or prices, there could be a run into the dollar and the whole stabilization plan could fall apart.

[Rapanelli] I think that the whole thing is in delicate balance. If people are betting that this fails, then I wouldn't be too optimistic. People have to receive clear signals that this is going to work, and the clear signals do not imply willfulness; they imply some sort of resolute

action that is demonstrably different from previous plans. Because otherwise, we know what happens. My view is that the administrative emergency law, the entire privatization plan, specific actions that have to be gradually taken, the elimination of subsidies, the elimination of the benefits of industrial promotion, are such signals. I'm convinced that we don't have much time, inasmuch as the great popularity that Menem enjoys has to be taken advantage of right now, because later there is going to be very strong resistance.

Now, if what I'm telling you gives you the impression that I'm leaving room for doubt, I can tell you that I'm not.

Foreign Exchange Market

[LA PRENSA] If the instruments for the structural reforms are delayed, these short-term measures will be in trouble....Time is working against them. So, now that the exchange rate gap has disappeared, isn't this the time for you to decontrol the foreign exchange market and get rid of the problem of having to set an exchange rate? Isn't this also the time to decontrol prices? Because if you decontrol the foreign exchange market, you get the interest rate problem off your backs, too.

[Rapanelli] But what happens if the exchange rate goes to 670 or 700 on us?

[LA PRENSA] The market will adjust it.

[Rapanelli] But the price agreement would hurt us.

[LA PRENSA] What is happening is that prices are regaining their traditional value in dollars. While the exchange rate remains fixed, prices are recovering, and wages are recovering. So there will come a time when the exchange rate will inevitably begin to lag behind. And then your situation is going to be increasingly difficult.

[Rapanelli] Prices today are at a given level. That level depends on a given sales structure. We feel that the stability of the exchange rate ought to be based on price stability. There would be no reason for prices to increase in August or September.

[LA PRENSA] For that very reason, if companies have already adjusted their prices to the new structure of costs, rates, wages, etc., there is no reason for prices to rise. If there is a rise in real wages, businessmen will probably boost production.

[Rapanelli] And what if prices rise?

[LA PRENSA] Well, if they don't rise and the exchange rate is decontrolled, the dollar will remain calm. In this case you would get rid of two problems: having to negotiate prices and having to set the exchange rate. But if you keep the exchange rate fixed and prices rise, then you have a problem.

[Rapanelli] The problem is that if the exchange rate rises, we will hardly be able to have interest rates at the levels that we want to get to. If there are expectations that the exchange rate is going to increase, it will be hard to lower interest rates.

[LA PRENSA] Once again, if you have to have that high an interest rate so that there is no spread between the decontrolled exchange rate and the official exchange rate, there is no way out on that side either.

[Rapanelli] Low interest rates are the key to recovery. But we think that the time has not yet come to decontrol the exchange rate.

* Rapanelli's Projections Termed 'Utopian'

3348025Oc Buenos Aires AMBITO FINANCIERO in Spanish 31 Jul 89 p 6

[Text] Economy Minister Nestor Rapanelli has asserted that "the buying power of wages is going to increase 100 percent" in August and that consequently there will be a "very slight reheating of the economy."

The assertions that Rapanelli made to the newspapers LA NUEVA PROVINCIA and LA PRENSA seem utopian in a country that is now struggling with a standstill in production and hyperinflation; thus, doubts are in order about his prediction that the purchasing power of wages will double. We should note in this regard that although pay will rise substantially in nominal terms, there will also be a major increase in the prices of consumer items, in public service and utility rates, and in the cost of services that are subject to indexing (rents, medical care, and schools, among others), with a peak of around 200 percent to be applied in August when July retail prices are made known.

Rapanelli added that interest rates will have to be in single digits and that in September yields should not exceed 3 percent a month. The economy minister forecast zero inflation by that month.

The Current Situation

To fully appreciate Rapanelli's remarks we should mention that the minister said that "this entire first stage is marked by short-term measures" and that "the (measures) included in the economic emergency law are supposed to last 6 months."

In other words, the economy minister's predictions are based on legislative passage of the emergency bills that the Executive Branch has submitted and on their taking pressure off the budget. Rapanelli specifically described the "budget deficit and the tremendous distortion of relative prices" as the cause of hyperinflation that the Economy Ministry has set out to attack.

He indicated that on the basis of withholdings, higher rates for government-provided goods and services, higher taxes, and the economic emergency bill, which will suspend industrial promotion and subsidies for 6 months, "the budget deficit is going to disappear by September or October."

Exchange Rate

As for the dollar, Rapanelli said that "the time has not yet come to decontrol the exchange rate," because if it were to rise, "we could hardly have interest rates at the levels that we want to get to."

Nonetheless, the minister said he was against price controls and voiced confidence that the recently signed agreement with companies "will be the prelude to the definitive decontrol of prices." He let it be known that prices would be decontrolled as of 15 September, "at least for a given range of products." He cautioned, however, that he has little time to see to it that these measures bear fruit, "inasmuch as the high popularity that (President Carlos) Menem enjoys has to be taken advantage of now, because later there is going to be very severe resistance," he predicted.

The minister emphasized that "it is very difficult to talk about an opening up of the economy with a hyperinflationary process."

Stages of the Adjustment Process

	Stage I	Stage II	Stage III
Basic goals	Macroeconomic stabilization; fiscal austerity	Lasting stability and fiscal balance; structural reforms; boosting production	Boosting investment; consolidating growth
Intermediate goals (to achieve basic goals)	End crowding out in the private sector; boost tax revenues; cut government spending; cut government payroll; identify permanent subsidies; identify public investments	Tax reform; privatizations; deregulate production; deregulate finance; enhance competitiveness; end restrictions on foreign trade; labor flexibility; resource allocation through the market; deregulate foreign investment; enhance use of installed capacity	Attract capital; consolidate structural reforms
Expected growth level	Very low or zero; limited by the initially recessionary adjustment	Moderate; limited by import capacity; limited by installed capacity use; no investment in place	Moderate/high; limited by the inflow of investment achieved
Need for foreign debt relief owing to	The impossibility of servicing it because the adjustment will be severe	The need to boost imports to allow growth	The need to boost investment to consolidate growth
Type of measures	Tough; control of key variables (exchange rate, prices, wages) allowed to minimize cost of adjustment	Flexible, depending on the case, but efficient; deregulate key variables	Unspecified (depends on circumstances)

* End of Military Enterprises Seen Near

[Report by Colonel Ernesto Bonta]

33480250b Buenos Aires AMBITO FINANCIERO in Spanish 17 Jul 89 p 8

[Text] The General Directorate of Military Manufactures [FM], a highly diversified business group, finds itself in serious condition in all aspects and areas. From an economic and financial standpoint, its losses up to 1987 exceeded $600 million, according to the balance sheets for 1984, 1985, 1986, and 1987, and have tended to increase, hitting 124 percent of sales in 1987. The unfavorable trend has continued in 1988 and 1989, according to unofficial reports (nothing has been published since 1986), and the losses from late 1983 to date are seen as easily exceeding $700 million.

The technical capacity of the staff has declined in all areas, owing to low salaries, a total absence of retraining programs and courses, nonparticipation at congresses, no visits, the immigration or departure of the best personnel, and isolation from domestic and foreign technology.

Most of the facilities, equipment, and processes are obsolete and have not been replaced or maintained.

The marketing system is extremely cumbersome and bureaucratic and thus unsuited to meeting the demands of the domestic, much less the foreign market. In fact, it competes with many domestic producers instead of integrating with and complementing them.

The combined losses at the FM factories are the result of all these factors, compounded at some of them by the lack of purchases by the Armed Forces, which have seen their budgets drastically reduced since 1983.

This has been the norm for many years, and FM's performance worsened appreciably under the top-level management that was in until 14 May, most of whom consisted of politicians from the ruling party (UCR [Radical Civic Union]), who had few ideas and knowledge about or experience in running even a simple

industry (FM is a highly diversified and complex enterprise that manufactures products for both military and civilian use). Thus, almost 6 years of a Radical administration have seriously jeopardized its future, as practically no attempts were made to fix or improve anything.

Moreover, most of the military engineers, who are the other source of manpower for running the group and its factories, have been subject to rotation, particularly over the past 20 years, which prevents them from gaining the necessary experience in their positions. Furthermore, these military personnel, who are no doubt basically better trained but do not have job continuity (at least most of them), have had and still have a very difficult relationship, for obvious reasons, with the political group, which besides lacking know-how and experience has not clearly realized the kind of disaster into which it has plunged the enterprise, not to mention engaging in disinformation, distortions, and/or concealment in this regard.

As we have stated, the result of all these negative factors is that FM is in an untenable situation. Today it represents an excessive and unnecessary economic burden on a bankrupt country (more than $100 million in average losses a year), besides not fulfilling its specific function, which its founder, General Savio, clearly spelled out.

It is a very worrisome development that the tasks of industrial mobilization, which are basic to the proper integration of domestic industry with the Armed Forces' weaponry and equipment requirements, have been abandoned almost completely, the logical consequences of which are severe inefficiency and a duplication of efforts in the area of production for defense.

Just like our bankrupt country, a business group like this, which has been practically destroyed or is in the final stage of destruction (a private firm would have closed its doors long ago), needs a "crash" program. In other words, urgent action must be taken to overhaul and revamp the organization, sell off its excess baggage, and integrate its remaining structures into domestic and foreign private enterprise.

Request for War Criminal's Extradition Granted

PY3108192689 Buenos Aires Domestic Service in Spanish 1600 GMT 31 Aug 89

[Text] A Stuttgart court today reported that Nazi war criminal Josef Franz Leo Schammberger, whose extradition was granted yesterday by the La Plata Appellate Court, will arrive in the FRG next year.

The La Plata Federal Court confirmed the extradition of Leo Schammberger to Stuttgart, where he has been charged with committing murder out of pleasure, hatred, and racial discrimination, among other crimes. This decision was made by Judges Garro and Schiffrin.

Military Weapons Seized in Rosario 31 Aug

PY0109031489 Buenos Aires TELAM in Spanish 2317 GMT 31 Aug 89

[Text] Rosario, 31 Aug (TELAM)—Special forces of the "intelligence" section of the Rosario police this afternoon raided a downtown house, where they found several military weapons, ammunition, and other combat equipment. The owner of the house, a former policeman, was arrested.

According to a report from the Rosario police chief's office, the house at 1200 Urquiza Street was raided in the middle of the afternoon. The house, which is located in downtown Rosario, is owned by a former Buenos Aires policeman, who was arrested and ordered held incommunicado. No other information has been supplied on the identity of the detainee.

In a careful search, police found a Belgian-made 7.62-mm light automatic FAL rifle with a two-legged support and three clips, a .357-caliber "Taurus Magnum" (Brazil) revolver with 6 "hollow point" bullets, a similar Smith and Wesson revolver, a 9-mm "Taurus" pistol, a .22-caliber "Malei" carbine, a similar Spanish-made "Tigre 44-40" carbine, a lasser sight, and more than 700 rounds of ammunition of different calibers—most of them steel point bullets—for the weapons.

Even though the police report provided no information on the subject, unofficial sources have said that an artillery shell, which was ready for firing, and an Army steel helmet were also found.

The police said that the documents for the weapons and the ammunition were not found in the house, and that the investigations will continue to determine whether other people are linked with this arsenal.

Embalse Nuclear Plant Starts Operations

PY3108231689 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2220 GMT 31 Aug 89

[Text] Buenos Aires, 31 Aug (NA)—Energy Under Secretary Juan Legisa this evening announced that the Embalse nuclear plant began operating today and that, consequently, there will be no power rationing in September and October.

DYN Names Luis Humberto Perez New Chairman

PY0109032289 Buenos Aires DYN in Spanish 2352 GMT 31 Aug 89

[Excerpts] Buenos Aires, 31 Aug (DYN)—Businessman Luis Humberto Perez, editor and co-owner of EL TERRITORIO, a daily published in the city of Posadas, was today selected the new chairman of the DYN press agency. [passage omitted]

The DYN executive board, which is composed of editors and representatives of dailies nationwide, unanimously

elected Perez to finish Garcia Hamilton's term, which will end in April 1990. [passage omitted]

Bolivia

Deputies Repudiate U.S. Ambassador's Remarks

PY0109011689 Madrid EFE in Spanish 2319 GMT 31 Aug 89

[Text] La Paz, 31 Aug (EFE)—The Bolivian Chamber of Deputies today unanimously approved a resolution rejecting the remarks that U.S. Ambassador in Bolivia Robert Gelbard made yesterday in connection with La Paz journalists.

In an answer to a question from a La Paz journalist, Gelbard said that one of the conditions for the U.S. Government to continue cooperating with Bolivia is that "journalists no longer bother me."

The resolution states that "the remarks that Gelbard made about the Bolivian press are thoughtless, disrespectful, and inconsiderate of the media and its personnel."

The resolution, which was sponsored by the opposition Free Bolivia Movement, concludes by stating that "journalists fulfill their specific mission in a framework of freedom of information, freedom of the press, and freedom of opinion, which are guaranteed by the Bolivian Constitution."

President Paz Zamora To Visit Argentina in Nov

PY3108231789 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2156 GMT 31 Aug 89

[Text] Buenos Aires, 31 Aug (NA)—The Bolivian Foreign Ministry today officially reported that President Jaime Paz Zamora will pay an official visit to Argentina next November where he will probably sign bilateral integration agreements.

A joint communique was signed by Foreign Ministers Domingo Cavallo and Carlos Iturralde. In it the two countries also agreed "to pay off all their pending bilateral debts." The date for this will be established by common agreement.

The joint communique also says that after 2 days of negotiations, with the participation of Argentine Secretary for Latin American Affairs Raul Carignano, a decision was also made "to normalize the monthly payments on the contract for the supply of natural gas."

The communique points out that the payments will include the overdue ammount from 8 July to November. From that month a new payment system will be established.

Interior Minister Views Antidrug Measures

PY3108150389 La Paz La Red Panamericana in Spanish 1130 GMT 31 Aug 89

[Text] Interior Minister Guillermo Capobianco has stated that the country is completely calm and that state security organizations are carrying out their specific duties. Capobianco added that Bolivia is handling the drug trafficking issue with great responsibility because it has become the main (?concern) of the Bolivian Government and the entire international community.

Capobianco said that the struggle against drug trafficking in Bolivia is being carried out in compliance with programs drafted by specialized Bolivian organizations. Unlike what is taking place in Colombia, he added, Bolivia has adopted measures to avoid regrettable incidents that could lead to more serious events.

The interior minister believes that it is important to implement a strict control policy nationwide and to expedite coca eradication programs in confronting the drug problem and halting its expansion.

Moreover, Capobianco reported that a terrorist attack had been carried out against the CORDES [Sucre Development Corporation] office in Sucre and that an investigation is under way to find those responsible. He said that despite this situation complete calm prevails, and that this is a characteristic of the current administration, which is interested in gaining the trust of the population.

UK Donates Radio Equipment

PY3108162289 La Paz La Red Panamericana in Spanish 1130 GMT 31 Aug 89

[Text] On behalf of the UK Government, British Ambassador Michael Daly yesterday delivered portable radio and telecommunications equipment to Bolivian authorities to be used in the struggle against drug trafficking. The British ambassador noted during the ceremony that this is the second British donation within the framework of a bilateral cooperation program with Bolivia and other countries involved in the struggle against drug trafficking. He added that the British Government made the first donation of similar equipment manufactured by the (Rachal Tacti) Company in April.

The British ambassador noted that this equipment would improve the communications system of UMOPAR [Area Police Patrol Unit] patrols operating in drug trafficking areas. The British ambassador also said that these two donations were worth $800,000.

Great Britain has supported the Bolivian Government's campaign agaisnt drug trafficking by sypplying about $4 million. These resources, which are provided through the [name indistinct], are used in the implementation of coca substitution programs in the Chapare and Yungas area.

After thanking Great Britain for supporting Bolivia's efforts against drug trafficking, Interior Minister Guillermo Capobianco said this communications equipment

would be put to good use in the struggle against drug trafficking. Social Defense Under Secretary Gonzalo Torrico stated that Bolivia is still facing great limitations in the battle against drug traffickers but the government is determined to eradicate this scourge.

Brazil

Government Continues To Aid Colombia in Drug War

Minister on Border Control

PY3108231089 Brasilia Domestic Service in Portuguese 2200 GMT 31 Aug 89

[Excerpt] Justice Minister Saulo Ramos has asserted that the Brazilian Government is working hard and relentlessly to prevent the entrance of Colombian drug traffickers into national territory. Minister Ramos has said that the government is controlling the borders every day, particularly in the north, and that the Federal Police are watching the borders to prevent Colombian drug traffickers from entering the country.

Minister Ramos also said that Federal Police Director General Romeu Tuma has been meeting with Colombian officials. He added that the problem now concerns not only the Colombian and Brazilian authorities, but all Latin American governments.

[Begin recording] [Ramos] Latin America as a whole is helping Colombia because the drug traffickers' crime endangers the state of law.

[Reporter] Can the Colombian Government send us a list of drug traffickers so that the Brazilian Government can prepare to act if they enter our country?

[Ramos] Yes, the Colombian Government has already sent us a list. We are watchful because those drug traffickers may stop in Brazil on their way to Peru and Bolivia, where they can hide with other drug trafficking gangs that are linked to them. [end recording] [passage omitted]

Army, Police Take Action

PY0109025289 Rio de Janeiro O GLOBO in Portuguese 31 Aug 89 p 21

[Text] Tabatinga (Amazonas State)—In Tabatinga, 1,700 km from Manaus, Police, with the support of the Brazilian Army and the Southern Unified Command, east of Colombia, yesterday began an offensive against the drug traffickers of the Medellin and Cali Cartels. Romeu Tuma, director general of the Federal Police Department, planned the police action in a meeting with General Augusto Rodrigues Arango of the Southern Unified Command and Colonel Luis Fernando Guzman Vasquez of Army Headquarters in Leticia, Colombia.

Tuma said that the drug traffickers left Medellin and Cali in small airplanes, probably with false documents, to go to Manaus, where they would prepare to leave for Europe and the United States. All the hotels of Manaus are under strict surveillance.

The first attempts by the drug traffickers to enter Brazil were discovered when the police found three imported cars. The cars, which are luxury models made in the United States and Japan, are included in a list of 26 cars sent to the Federal Police by the Colombian Justice Ministry. The cars were left by an unidentified Colombian at a car wash in Tabatinga. As the cars were not picked up by their owners for several days, the owner of the car wash removed the cars' tires and called the Federal Police, who took the cars to police facilities yesterday.

Tuma believes that the drug traffickers were planning to stay in Brazil after the murder of several Colombian officials, but in the face of the offensive mounted by President Virgilio Barco, they decided to move on.

Tuma already has the warrant for the arrest of 12 members of the Medellin and Cali Cartels from the Colombian Justice Ministry. General Rodrigues Arango said that the Brazilian border with Colombia is well guarded by Brazilian Army troops.

Colombia Requests Extradition

PY0109014489 Rio de Janeiro O GLOBO in Portuguese 31 Aug 89 p 21

[Text] Tabatinga—The Colombian courts have already submitted to the Federal Police Department (DPF) in Brasilia a request for the extradition of the 12 "godfathers" of the Medellin Cartel, in case they are arrested during operations in the Amazonian region.

The request, which was addressed to the Narcotics Repression Division (DRE) in Brasilia, was immediately passed on to the Federal Police unit in Tabatinga, 1,700 km from Manaus. DPF Director General Romeu Tuma said that the request refers to the "12 men of plaster," in an allusion to white cocaine powder.

The 12 Colombian drug trafficking leaders are Pablo Escobar Gaviria, Gustavo de Jesus Gaviria Rivero, Jose Gonzalo Rodriguez Gacha, Jorge Luis Ochoa Vasquez, Juan David Ochoa Vasquez, Fabio Ochoa Vasquez, Jose Santacruz Londono, Gilberto Jose Rodriguez Orijuela, Miguel Angel Rodriguez Orijuela, Jaime Raul Orijuela Cabellero, Jose Ivan Duarte Acero, and Gerardo Moncado.

Foreign Minister in U. S. for Medical Tests

PY3108141689 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Aug 89 p A-4

[Excerpts] A respiratory disorder has forced Foreign Minister Abreu Sodre to go back to Denver, Colorado (U.S.A.), to undergo new tests. Doctors at the National Jewish Center discovered 3 months ago that Sodre was suffering from an uncommon disease known as interstitial idiopathic pneumopathy. This disease of unknown

origin, affects the lungs and pleura and causes a lot of fluid secretion. [passage omitted]

Sodre left for the United States on 29 August and will return to Brazil on 1 September. The results of the first test in Denver reveal that Sodre does not have any type of tumor.

Barroso Installed Army Appraisal Center Director

PY3108150089 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Aug 89 Economic Section p 3

[Summary] Rio de Janeiro—In a ceremony in Rio de Janeiro, General Alberico Barroco Alves yesterday assumed the post of Army Appraisal Center [Centro de Avaliacoes do Excercito] director.

Finance Minister Discusses Anti-Inflation Battle

PY3108152089 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Aug 89 Economic Section p 1

[Excerpt] Finance Minister Mailson da Nobrega and Civilian Household Minister Ronaldo Costa Couto have told more than 200 businessmen in Rio de Janeiro that the next administration will have to carry out the struggle against inflation and modernize the state apparatus. In similar speeches, the two ministers asserted before the 23d National Supermarket Convention that the main task of the Sarney administration was to guarantee the transition to democracy, which has been accomplished.

Before admitting that the final blow against inflation will be dealt by the next administration, Nobrega said that President Sarney cannot be accused of not having tried to stabilize the economy. Much has been done in this respect. "It was hand-to-hand combat, minute by minute," the minister said. Nobrega said the current economic indicators are much better than what he expected a month ago. He believes that inflation has stabilized at 28 or 29 percent per month and, despite this worrisome level, the threat of hyperinflation is far away.

According to the finance minister, the Sarney administration has paved the way for the next president to wage "an all-out battle" against inflation. Da Nobrega noted that the current government has made institutional progress in public finances, such as in the case of unifying budgets. The minister believes that the fight against inflation is a political matter and will only be successful if the following causes of the problem are controlled: the public deficit, which is the result of state intervention in the economy; the inefficiency of some state companies; and the "excessive" burden of the foreign debt. [passage omitted]

Bank Auctions Bonds at Higher Interest Rates

PY3108040889 Rio de Janeiro O GLOBO in Portuguese 30 Aug 89 p 25

[Text] The Central Bank has sold the BTN's [National Treasury Bonds], which are indexed to the exchange rate, with a maximum interest of 13.21 percent annually for 2-year bonds, and of 12.01 percent for 1-year bonds. The bank did not report the total amount of bonds that were sold at the auction yesterday. The scheduled issuance of BTN's, however, was for 400-million new cruzados. Fifty percent of those bonds have a 1-year maturity period. Those returns are larger than those of the last auction, when top BTN returns reached 13 percent.

At the LFT [Tresury Financial Bond] auction, the Central Bank also increased the return. The bank sold bonds worth 1.6 billion new cruzados with a 273-day maturity period, with a maximum interest of 0.87 percent. At the last auction, the top interest rate was of 0.78 percent.

In addition, the Central Bank increased the interest rate on the overnight [preceding word in English] market to 40.59 percent, causing a drop in the price of gold and in the dollar rate. At the close of operations, the price of gold stood at 52.35 new cruzados, registering a drop of 1.33 percent on the BM&F [expansion unknown]. The dollar bying rate dropped to 4.60 new cruzados at the peak of operations, while the selling rate was 4.45 new cruzados. The dollar rate dropped by 1.07 percent. The spread between the official and the parallel market dollar exchange rates dropped to 68.43 percent.

Overnight market net profits reached 32.94 percent, thus providing a real earning (above inflation) of 3.13 percent.

* Lottery, Drug Profits Flow Viewed

53002149x Sao Paulo ISTOE in Portuguese 5 Jul 89 pp 43-51

[Article by Joao Carlos Leal: "The Itinerary of Dirty Money"]

[Text] The incursions of Baron Drummond, who rode on horseback through the streets of Vila Isabel in Rio at the end of the last century to collect the "numbers" at the locations of the 25 bicho bookmakers, one of which would be chosen from a list on a sheet in front of his lottery headquarters—all of this is in the distant past. Also a part of history now is the compulsory diet of the note takers at the betting locations—an indigestible mixture of cellulose and fresh ink—which upset so many stomachs during the recurrent periods of police repression. The decade of the 80's has been a golden age for the bicho game in Rio. Peace prevailed among the bookmakers, relations with the public authorities were good, and the dealings with the so-called high society of Rio were optimal. All of this was encouraged by the real annual rates of business growth, which have not fallen below 15 percent since 1986. Gambling continues to be legal, however, and as a result, this business shares with the drug trafficking organizations a powerful economy which is not only informal, but marginal, as well.

This was an inconvenient situation. At least so say the bookmakers, who are today very jealous of the position they occupy in Rio de Janeiro society. And not without reason. There is a definite cause and effect relationship

between the steady advance of the bookmakers toward the legal sector and the better development of their business activities. The mechanism is easy to understand. The market is one thing—its rules, its ups and downs, its seasonal aspects, and the errors made in business policy—while the unpredictable police raids were another. Since it was impossible to do away with the game altogether, the police would find a "violation" here and there, bringing outside interference into the balance of forces. A bookmaker's location "blown"—the police term for the imprisonment of the members of a unit and destruction of the business—meant reorganization of the structure, a possible redistribution of outlets, and almost always, a territorial war.

After 1983, when the then governor of the state of Rio de Janeiro, Leonel Brizola, put smiles on the faces of the bookmakers by initiating a relationship of notable public tolerance and terminating police repression, this atmosphere of uncertainty ended. On the one hand, the law was ignored, while on the other, the happy bookmakers went so far, by way of recompense, as to channel their very profitable and active accounts into the state bank, the BANERJ. The benefit conferred was short-lived. Accustomed to dealing in a very dynamic business, the bookmakers were soon irritated by the sluggishness of the official bank, and went elsewhere in search of flexibility. The banking institutions which are best adapted to the patterns of the bicho game today are the Itao and Real Banks.

Bicho, then, has taken over the streets. The decline in payments to the courts to obtain the release of the bet takers arrested and the increased invoicing have led to higher wage levels. While the government has haggled over the new basic wage of 150 new cruzados, which has been converted in part into allowances, the bookmakers approved a minimum wage of 215 new cruzados as of June. The increasing profitability of the business, according to the May figures, has reached 500,000 new cruzados per day, pointing to a probable net closing figure of 160 million new cruzados net by the end of the year, representing 20 percent of the total collected from betting, which would therefore come to something like 800 million new cruzados. These funds have been the source of the most widely varied forms of aid to neighborhood residents, secondary schools, performers, and many, many politicians. A public relations strategy was pursued which the bookmakers claim proved more costly than if they had paid taxes.

The relationship with the state is still not one of total confidence, or at least tolerance cannot be proven to any great degree. The bookmakers continue to maintain business operations as fronts, to conceal lottery operations at location which are known to everyone, the police included. The business fronts are of many kinds, including shoeshine operations, gasoline stations, automobile sales agencies, official lottery outlets, and in particular, locksmiths' shops. This very special kind of locksmith's operation, depending on its location, usually takes in up to 30,000 new cruzados a day. The businesses used as fronts add little to the income of the bicho bosses in the city. And maintenance of the facade does not prevent the bookmakers from acknowledging their businesses publicly and choosing one of their number as their spokesman. He is Luciano Carlos Pereira, alias Zinho, the owner of gambling agencies in the old heart of the city.

"We are approaching perfection," Zinho says. According to him, the bicho organization in Rio de Janeiro has moved beyond the pacification stage, and based on the leadership of the seven most important bookmakers in the state (Haroldo Nunez; Waldemiro Garcia, alias Miro; Captain Guimaraes; Anisio Abrahao David; Castor de Andrade; Antonio Petrus, alias Turcao; and Rafael Palermo), a system which provides for and reconciles the division of territory has been developed. There is regulation of the process of the sale of bicho agencies and their takeover by other bookmakers and of the single drawing with standardized payments for bets, and there is a sophisticated system, similar to that used in reinsuring operations on the insurance market, to guarantee the policy of "never refusing bets" as much as possible, according to a spokesman for this activity.

The territorial division system is the simplest possible. After a more or less stable division of the betting points in the city was reached when the skirmishes at the beginning of this decade ended, the assignments were made permanent. "Today there may be individuals taking bets for two different bookmakers working side by side, each respecting the clientele of the other," Zinho says with confidence. The ideal which is being sought, however, is to have the agencies of different bookmakers two blocks apart. Another success already achieved has to do with the sale of agencies or whole areas. "According to the new rules, the agency should be offered first to those located nearby, and only then, if no interest is expressed, is it made available to other applicants," this spokesman explained.

This system, together with the peaceful relations established with the public authorities, represented a basic step toward achieving peace within illegality. Today, a conflict among the major bookmakers like the long 10-year war waged between the organizations of Lourenco, in Vila Isabel, and Armando, alias Portugues, in Meier, in the northern zone of the city, which kept bicho gambling in tumult during the decade of the 30's, is unthinkable. "The profit margin in our business ranges from 15 percent to 30 percent. If out of that we had to pay extra costs, for example to pay for a protective army, first-quality weapons, and ammunition, we would have to work hard to pay our bills," the leading bookmakers say. It was expenditures like these which made the agreement reached almost 50 years ago between Lourenco and Armando necessary.

As a result of this same effort to effect economies and reconcile interests, the system of the single drawing emerged. Shortly, all of the bookmakers in Rio, and later those throughout the country, except for Pernambuco, Alagoas, and Ceara, will be guided by the type of lottery

drawing known as "paratodos" (for all). It works this way. At 2 pm every day, all betting is suspended, and 23 minutes later—with almost British precision—the drawing begins at some location in the city. A small globe, covered with green felt, is rotated, and the first of 10 balls made of mother-of-pearl and marked from zero to nine inside it to fall out establishes the first digit. The result is telephoned to a dozen bookmakers with direct lines to the drawing location, and they in turn telephone others, and so on, until the information is passed even beyond the boundaries of the state. The little ball is put back in the globe and the operation is repeated up to the thousand level. In 7 minutes, or 10 at the most, the whole country has the results by telephone. Why not communicate the four-digit number instead of doling it out piece by piece? According to Zinho, this is to make the drawing trustworthy. In addition to this security precaution, representatives of other bookmakers in the state and other parts of the country alternate every day in assisting the leaders with the drawing.

With the territorial division, as well as the single-drawing system and the standardization of payments established—no bookmaker, whatever the size of his operation, can pay out any more or any less than 4,000 times for a bet in the thousand range, or 600 times for a bet in the hundred range—what remained to be done was to develop the internal economy of this illegal business. To provide unity and to make the growth of the whole complex possible, it was necessary to guarantee that any bookmaker, even the smallest, could accept any bet. The leaders of this illegal activity then developed the reinsurance system, already explained, whereby the bookmakers share the volume of any bet in excess of their safety margins with others.

The system in effect today has reached such a high level of professionalism that some of the major bookmakers have practically abandoned the direct operation of outlets in order to function as agents, working only to cover the bets accepted by other bookmakers. This is true of Turcao and Rafael Palermo, both on the command level. And in addition to these agents, who retain 50 percent of the total passed on to them in payment for the risk of covering the bets of others, a so-called "counter" system of "reinsurance" was also developed, whereby any amount is accepted for coverage if 90 percent is paid by way of compensation.

The drug-trafficking business in Rio, compared to this organization, does not have the same roots as bicho, although it rivals it in volume of resources handled. This sector has been experiencing a phase of resurgence in its relations with the state apparatus for almost as long as the love affair between the bicho game and the government has been going on. Chief Eduardo Baptista of the Narcotics Division of the Civil Police in Rio has carried out at least one operation against the drug traffickers every day. Police raids, added to the internal wars, are making the establishment an effective administrative structure in the drug sector practically impossible—at least on the visible level of the drug-trafficking scene in large cities such as Rio de Janeiro.

Even so, an organization rather similar to that for bicho is seen in the drug-trafficking sector. There are area commands, although more centralized and subject to eternal hostile exchanges, as well as managers and sales outlets, in this case smoke houses. And they even have a financial coverage system functioning in the rear guard to finance the heavier drug purchase operations. This rear guard has only been partially penetrated by the police on one occasion, when Toninho Turco's gang was dismantled almost 2 years ago. Turco, acting as the financier, controlled an estimated 60 percent of a narcotics volume of which the total is practically impossible to establish. The two illegal activities, bicho and drugs, also have their heroic and opulent aspects. The drug-trafficking business is much more recent than the epic era of bicho gambling, caught as it was in the years of dissension with the police of the New State, in a first phase, and the iron struggle waged by President Eurico Gaspar Dutra against gambling, after 1945. Nonetheless, the history of drug trafficking already contains some notable stories, such as the helicopter escape from prison by drug trafficker Jose Carlos dos Reis Encina, alias Escadinha. And currently, its practitioners are allowing themselves the luxury of public ostentation, including mansions in the midst of the slums, such as those of the group controlled by Darcy da Silva Filho, alias Cy, which the police recently blew up.

And there the coincidences end. Except on the most sophisticated levels, which are very rarely perceived, the drug traffickers who divide up the city have an almost chaotic administration. "Their accounting, to judge from the books we have seized, is primitive; the chain of command is fragile, and can be disrupted by the slightest thing; and their territories are limited, in dispute, and hard to manage," Chief Baptista says.

While the bicho operators are in the habit of boasting that theirs is the most trustworthy game in the country, wherein what is written down is law and no winner goes unpaid, the drug traffickers do not enjoy the same reputation, particularly when the police net is very tight and their merchandise is in short supply. On such occasions, the drug traffickers usually increase the percentage of the substances they mix with cocaine, which may account for as much as 80 percent of the weight of the final product, which is sold as if it were pure. And everything is used as a mixer—powdered marble, boric acid, and even fragments of ground glass (shoemakers' wax).

This precarious level of reliability and organization forces the structures of the more than 80 drug traffickers operating in the city of Rio to use brute force. Few drug traffickers succeed in establishing a link permitting the exchange of favors with the community around them, as is usual with the bicho agents. The majority impose their will by terror, using a varied and sophisticated arsenal of weapons. This trend on the part of the drug traffickers' organization has in the end developed into a second

activity, marginally profitable but important in times of police repression, when drug sales decline—the support of groups of bank robbers through the leasing of weapons. Because of this, the police in Rio have noted an interesting coincidence in their crime indices. The harsher the repression of drug trafficking, the more bank robberies occur.

Despite the organizational difficulties of the drug traffickers, the profitability of the business is nonetheless equal to that of bicho gambling. For example, Toninho Turco, when his operation was dismantled by the police in 1987, had had a turnover throughout the year equal to 120 million new cruzados, only 5 percent less than the turnover of Souza Cruz, R.J. Reynolds, and Phillip Morris—the three largest national tobacco companies—taken together. Where does this money go? The smokehouse managers state with confidence that the investments the drug traffickers prefer to make in order to launder their money, apart from the financing of robberies, include the purchase of real estate and taxi services. Theirs are rather modest dreams, too, when compared with the investments of the bicho bookmakers, which include ranches, automobile agencies, supermarkets, real estate, nightclubs, hotels, and casinos. Some are even outside the country, as was the case with the old Puerto Stroessner, purchased by two Rio bookmakers, one of them Miro, who controls the whole southern zone.

Chile

336 Arrested for Illegal Political Propaganda

PY3108143089 Santiago Domestic Service in Spanish 1030 GMT 31 Aug 89

[Text] Carabineros this month arrested 336 people for painting or displaying political propaganda in the metropolitan region. The arrests were made on the basis of Article 32 of the Election Law.

Out of this total, 176 people were propagandizing for Patricio Aylwin, 118 for Hernan Bucchi, and 42 for different Senate candidates.

According to the law, it is forbidden to make electoral propaganda with paintings, posters, or pamphlets attached to public or private property. The only type of propaganda that is permitted is removable items that can be disseminated, hung, projected, or lighted. However, these signs cannot be displayed until 30 days before the election and can only be left in place until 3 days after the election.

Former Political Prisoner Found Dead

PY0108014089 Santiago Radio Cooperativa Network in Spanish 2300 GMT 31 Aug 89

[Text] The body of (Ricardo Frigg de la Mata), who was a political prisoner, has shown up in the morgue. He is the son of (Amalia de la Mata), who was in prison for 2 years as a result of the arsenals case. She was released on bail only yesterday.

(Ricardo Frigg de la Mata) has been missing for several days. This information was made known by lawyer (Hugo Pavet) of the political prisoners organization.

Colombia

Government 'Cautious' on U.S. Decision

PA3108142289 Bogota Emisoras Caracol Network in Spanish 1228 GMT 31 Aug 89

[Text] From Bogota: Colombian President Virgilio Barco's government is cautious about the U.S. State Department's decision requesting U.S. citizens to leave Colombia immediately.

Colombian Foreign Minister Julio Londono said the Colombian Government has no comment regarding the U.S. decision, because the U.S. Government can tell its citizens whatever it believes appropriate. Londono added: The reason for such a decision lies with the U.S. State Department, which has its own views about the situation in Colombia.

Government Continues To Combat Drug Trafficking

Leaders in Country, Not Panama

PA3108141889 Bogota Emisoras Caracol Network in Spanish 1218 GMT 31 Aug 89

[Text] The drug trafficking leaders did not flee to Panama following the offensive launched by the government of President Virgilio Barco Vargas. This announcement was made by Colombian Ambassador to Panama General Jaime Hernandez Lopez, retired, who has returned to the country for consultations with President Barco. The ambassador added that U.S. intelligence organizations gave him a report which specifies that the narcotics heads are not in Panamanian territory.

Meanwhile, quoting the state intelligence services, Government Minister Orlando Vasquez Velasquez stated that the chiefs of the narcotics trafficking mafia are still in Colombia. He added that the government will not yield in its struggle against the mafias. The minister also announced that new dispositions will be issued to put an end to narcotics trafficking as a destabilizing organization, but he did not disclose any details. We will probably have to make more sacrifices, as President Barco has said, because this is a very complex situation. Minister Vasquez Velasquez stated, concluding: However, this is a time when all citizens must support the government's actions.

'Treasurer' May Be Extradited

PA3108143289 Bogota Emisoras Caracol Network in Spanish 1220 GMT 31 Aug 89

[Text] The government has authorized the extradition to the United States of Eduardo Martinez Romero, who is reportedly the treasurer of the Medellin Cartel. Martinez Romero may present an appeal before the National Council on Drugs. Once the appeal is [words indistinct], his extradition will be carried out. This will be the first Colombian to be turned over to the United States by administrative means, following the government's disposition on extradition.

Meanwhile, Government Minister Orlando Vasquez Velasquez announced that the government will respect all bonds for court costs [garantias procesales] in the cases of extraditions that may come up. He pointed out that this is a right of legitimate defense and all Colombians have this right. He abstained from specifying if the cabinet meeting held last night at the Narino Presidential Palace had discussed the probable extradition of Eduardo Martinez Romero, reportedly the Medellin Cartel treasurer. The government minister stressed that there are bonds for court costs provided for by the National Constitution and that the national government will respect the right to defense which all citizens have.

Authorities Find Financial Center

PA0109005589 Bogota Inravision Television Cadena 2 in Spanish 1738 GMT 31 Aug 89

[Report by Gloria Ortega in Bogota]

[Text] The DAVIVIENDA Building in Bogota has been completely militarized after the authorities discovered the bunker where Gonzalo Rodriguez Gacha conducted his financial operations. Several judges are currently trying to decipher the computer printouts listing El Mexicano's corporate assets. El Mexicano's complex financial organization was discovered through documents that were seized at the Buenos Aires Farm, owned by Rodriguez Gacha and confiscated by the authorities.

The authorities who raided the DAVIVIENDA Building confirmed that the drug trafficker created 65 enterprises through the Commercial Coordinating Board, Inc., which was founded 33 years ago. The enterprises were legally registered at the Bogota Chamber of Commerce and the Commercial Coordinating Board, Inc. handled the drug trafficker's finances and properties in Bogota and Cundinamarca.

Two penal and military judges are currently analyzing an enormous amount of documents found in the luxurious offices. The documents give full details of payments, salaries, and dates when workers were hired.

The authorities also confiscated a list of payments to players, reserve players, and technical personnel of the Los Millonarios Sports Club. It is recalled that in January 1989 the Associations' Superintendency conducted a legal investigation and audit of professional soccer teams which reportedly received money from the drug traffickers. On that occasion they discovered that Julio Moreira, an Ecuadorean living in Miami, had given the club a loan for approximately 50 million pesos. Even though the report indicated that Los Millonarios faced a critical liquidity problem on 30 September 1988, no one could explain how it could continue to pay its debts—particularly to purchase players from other countries and pay the team's salaries.

During the raid the authorities also found a list of sports journalists, parliamentary members, and military officers who have connections with Rodriguez Gacha in one way or another, or received money from him. It was learned that, given the importance of the discovery, all the documents will be turned over to President Virgilio Barco.

Medellin Mayor Urges Dialogue

PA0109020089 Bogota Inravision Television Cadena 1 in Spanish 0011 GMT 1 Sep 89

[Text] Medellin Mayor Juan Gomez Martinez and Congress President Norberto Morales Ballesteros have stated that it is necessary to hold talks with the drug traffickers. However, the government and communications ministers—the latter is currently acting justice minister—have said that the government has no intention of seeking the dialogue for the time being.

History tends to repeat itself. The Medellin Cartel leaders gathered in Panama 5 years ago, 2 months after Justice Minister Rodrigo Lara's assassination and when the raids and arrests of drug traffickers were still under way in the country. Pablo Escobar and Gonzalo Rodriguez presented a proposal at the Soloy Hotel, where Attorney General Jimenez Gomez was staying. They proposed to bring their money to Colombia, destroy their laboratories, and contribute $3 billion per year to the struggle against drug abuse in exchange for the suspension of their extraditions and amnesty.

The attorney general later had to explain his participation in the dialogue with the drug traffickers during a heated debate at the Congress. That is why the cartel's proposals were not discussed. However, the proposal was made again almost immediately after the death of Luis Carlos Galan.

The cartel's proposal has been rejected because it would imply admitting before the world that the Colombian Government has given in to the cartels. The world, and particularly the United States, would not understand the dialogue. Any dialogue would have a demoralizing effect on the people, who have been overwhelmed by the latest crimes. The cartels are not political groups or guerrilla forces but only organized criminals.

Nevertheless, the dialogue proposal has been defended by some people. The mayor of Medellin and others say yes to the dialogue proposal because they think this would avoid further bloodshed and restore peace in a

terrorized country; end a situation in which the Armed Forces, judges, and government officials are exposed to corruption; put a halt to the financing of paramilitary groups; and because they see it as the only way for a weak country to counter the drug traffickers' power.

New Decrees on Judge Protection

PA0109001789 Madrid EFE in Spanish 2231 GMT 31 Aug 89

[Text] Bogota, 31 Aug (EFE)—It has officially been reported that the Colombian Government will keep the identities of judges and magistrates in the "strictest confidence." In two new decrees issued today, the government also announced it will open a special fund to fight drug trafficking.

In the first of the decrees, the government says it will keep "in the strictest confidence" the identity of judges and magistrates who pass sentences in the first and second instances in criminal cases. The government will also keep secret the amounts of money and/or property confiscated from drug traffickers as well as the sentences they are given.

The same decree stipulates that suspect identification lineups will be conducted without the judicial officials involved showing their faces to prevent possible reprisals.

The decree on withholding the identities of judges says: "Any sentences passed and the approval of or disagreement with them will only be certified by the presidents of higher public order courts."

According to the second decree, a special fund will be created with budget appropriations and local and foreign donations, which will be used to finance the government's antidrug campaign.

This decree also stipulates that a consultative council will be created to handle money received from the government budget and donations received for the antidrug struggle.

This council, which will be formed by, among others, the Presidency's secretary general, the defense and finance ministers, and the police and Administrative Department of Security [DAS] directors, will distribute the resources to the various agencies according to their needs.

The same decree makes purchases of logistics equipment used by state security forces to combat drug trafficking tax deductible.

Today's decrees were issued within the framework of the state of siege that has been established in the country for the past 40 years.

No Deaths After Imposition of Medellin Curfew

PA0109001889 Bogota Inravision Television Cadena 2 in Spanish 1734 GMT 31 Aug 89

[Text] Two unsuccessful attacks were perpetrated in Medellin last evening shortly before the curfew was enforced. One attack was aimed at the ECOPETROL [Colombian Petroleum Enterprise] fuel storage tanks and the other against the country club. However, the curfew resulted in a miracle last night: Not a single person was killed in Medellin.

The decrease in public transportation including buses, jitneys, and even private vehicles began around 2100. People living in Medellin and Itagui rode clinging to the vehicles' doors in clusters in order to get home on time and avoid arrest by the authorities.

Rocket Hits Medellin Paint Factory; 4 Injured

PA3108195189 Bogota Inravision Television Cadena 2 in Spanish 1745 GMT 31 Aug 89

[Text] There has been another attack in Medellin, the third in less than 24 hours. According to authorities, the target was the Pintuco Paint Factory located in San Diego, southern Medellin.

There are two differing reports on the attack. The first one states that a rocket was launched from the mountains. According to witnesses, the rocket hit a car dealership billboard, which diverted the rocket, causing it to hit the factory's outer wall. Other reports say that the blast was caused by a bomb set in an ice cream cart left in front of the building.

Four people were injured in the blast and have been taken to the hospital. Several buildings were damaged, as were the windows, roofs, and facades of several car dealerships. Pintuco Factory firemen are now clearing up the rubble and broken windows. The police and the Army are conducting investigations.

Parties Survey Current Political Situation

PA3108210589 Bogota EL TIEMPO in Spanish 22 Aug 89 p 4-A

[Analysis: "What Do the Drug Traffickers Want? What Will the Political Parties Do?"]

[Text] The drug traffickers' extraordinary offensive, during which Luis Carlos Galan was murdered, is evidence of their capacity to create political destabilization and poses the question of what the parties will do to counter the offensive.

Behind the offensive lies extradition. The drug traffickers' most violent offensives have always been linked to extradition measures that were taken by the administration in power at the time.

The biggest threat to the Colombian mafia members is to be arrested and sent to the United States, as they are

perfectly aware that it is a trip of no return. Confronted with the possibility of having to spend the rest of their lives in a U.S. jail, they would rather "play all their cards" and respond with all their killing power—and it is a large one.

President George Bush's unusual statement—that the United States is willing to cooperate with the extradition of Colombians and that he had alerted the Justice Department to speed the corresponding procedures—leads us to believe that the matter had been previously arranged. The gringo President's statements were unusual because they were made so quickly—just a few hours after Colombia decided to take extradition measures—and were made at his vacation site in Maine. It is possible, as has happened several times before, that the drug traffickers found out that the decision was inminent and decided to start their terrible offensive.

From this point of view, retaliation and not provocation would have been the cause for the murder of Judge Carlos Valencia Garcia just 3 hours after he signed the warrant against Gonzalo Rodriguez Gacha, as well as for the murder of Luis Carlos Galan (who had big possibilities of becoming the next Colombian president and was evidently the drug traffickers' enemy.)

Existing factors appear to confirm that the mafia has again started to fear extradition. The 1 August communique issued by the Extraditables, when Medellin's Third Public Judge Maria Helena Diaz was murdered, mentions extradition. It is also known that U.S. officials almost captured Jorge Luis Ochoa during an operation in Caracas. The operation was cancelled because the Venezuelan Government did not approve it. These facts hint that the drug traffickers have reactivated their death machine because they are sensing the presence of a large animal.

What do they want? There are many opinions. Some people say that the mafia's offensive is simply an effort to try to eliminate all its enemies, and that the offensive will continue as long as there is a possibility that their members could be arrested and sent to the United States to be tried.

Others believe that the mafia is trying to destabilize the country until "the establishment" views them as enemies that are too big and who threaten the influence and power of leaders and officials at different levels of command.

Still others are of the opinion that drug traffickers want to intimidate the country in such a manner that a dialogue will be seen as the only way to solve the crisis. At such a dialogue the drug traffickers' condition would be to eliminate the policy of extraditing Colombian citizens.

Whatever it is these criminals are thinking, the truth of the matter is that their capacity to destabilize the country is evident. Luis Carlos Galan's murder was a blow that deeply shook the country. The suspension of the presidential campaign to reorganize its development shows the extent of the offensive's repercussions.

The race for votes has come to a halt and the question that is up in the air is: How are the politicians going to continue visiting public squares?

We are already hearing some sectors arguing that the political campaign must be carried out through the news media so the candidates do not suffer any risk during their campaigns. Others feel that this would amount to renouncing the use of public spaces all over the country as a result of an intimidation campaign.

There are aspiring candidates who say they cannot yield ground since that would mean surrendering to violent persons. They also advise against changing the political traditions of a people used to having direct contact with their candidates on public squares. These are the same persons who feel that those who aspire to the presidency must accept the risks stemming from the country's current situation.

The political campaign must go on at any rate, but this is not just a matter of filling the vacuum Galan left behind with another candidate (Cesar Gaviria?) and continuing the campaign as if that would return the situation to normal. Many people are proposing that the parties conduct an internal review or even a dialogue among the different political forces to restate the process in overall terms, adjusting it to the state's current emergency situation.

In a few days it will be known if the parties are responding to the challenge facing them, since it is clear to everyone that the suspension of the campaign can only be a respite to take stock and that the interrupted political process will then be resumed with greater impetus.

The government's actions regarding the drug trafficking problems constitute a key factor in the decisions made concerning the future behavior of Colombian politicians. The scope of the space political parties may use in their campaigns to replace President Virgilio Barco next year largely depends on the balance that can be made of the military operations to be carried out in the days ahead and the climate they leave behind in the country.

2 Suspects Arrested in Galan Murder Case

PA3108140489 Bogota Emisoras Caracol Network in Spanish 1216 GMT 31 Aug 89

[Text] Colombian authorities have arrested two men suspected of being involved in the murder of Colombian Liberal Party candidate Luis Carlos Galan: Alvaro Delgado and Jorge Andres Canaveral. The suspects were accompanied by two women whose names have not yet been released.

The authorities stated that Jorge Andres Canaveral [words indistinct] appears wearing a hat and holding a sign during the Soacha demonstration, during which political leader Galan was killed.

The authorities said that the other individual was carrying forged papers and was born in La Victoria, Valle Department. He was carrying a forged passport under

the name of Juan Carlos Gonzalez Mesa, born in Cali. [Words indistinct] names but born in [word indistinct].

The second individual said he is a 26-year-old bank employee. He was arrested when leaving El Conquistador Building.

DAS Rescues Kidnapped Man; Held 84 Days

PA0109020789 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 1 Sep 89

[Text] In a spectacular action by the DAS [Administrative Department of Security], Andrew Klein, 25, today came out of a cave-like place free after he had been kidnapped 84 days ago. The man, whose hands and feet had been chained, had been guarded day and night by masked National Liberation Army [ELN] urban guerrillas, who had kidnapped him. Klein was accompanied all the time by a bomb the kidnappers had threatened to detonate if the police tried to rescue him.

DAS Director, General Miguel Maza Marquez, welcomed and embraced him after an operation in which six of the kidnappers were killed. Gen Maza says the operation was unprecedented because no safer place had ever been seen before.

[Begin Maza recording] This is the first time such an operation has taken place. I have seen many of the so-called people's prisons since 1957. What we saw today, however, defies the imagination. [end recording]

Klein said he remained at the same place and that his kidnappers told him he would be taken elsewhere because the ransom was taking time. He never learned that the kidnappers were demanding $10 million as ransom. He admitted, however, that he even thought it was impossible to rescue him.

[Begin Klein recording] It was truly difficult to attempt a rescue operation considering where I was being kept and the circumstances. I prayed to God, however, that I would be rescued someday. I was convinced that our institutions would succeed. Now I am convinced even more. [end recording]

Talks Planned With Guerrillas 'Next Week'

PA3108144689 Bogota Emisoras Caracol Network in Spanish 1215 GMT 31 Aug 89

[Text] Government Minister Jorge Orlando Vasquez Velasquez has reported that the government will initiate direct talks next week with the Simon Bolivar National Coordinating Board in order to consolidate the peace process. For the first meeting, the government delegates will probably go to La Uribe, Meta Department, where the FARC [Revolutionary Armed Forces of Colombia] leadership has its headquarters.

Paraguay

Spain Protests Release of Spanish Citizen

PY3108154789 Asuncion ABC COLOR in Spanish 31 Aug 89 p 10

[Text] According to Miguel Angel Gonzalez, charge d'affaires at the Spanish Embassy, the Spanish Government yesterday presented a formal complaint to the Paraguayan Foreign Ministry for the release of Rafael Garcia Arana, a Spanish citizen charged with swindling and whose extradition Spain requested in July. The protest was given to Foreign Ministry Under Secretary Hugo Saguier Caballero.

Saguier Caballero explained to this newspaper that the Foreign Ministry had submitted the documents to the Justice and Labor Ministry for consideration by the Supreme Court. The Supreme Court will analyze the case and issue an answer to the Spanish Government.

The Spanish diplomat conveyed to Saguier his government's concern over the release of Rafael Garcia at the beginning of the month and over the extradition request for Emilio Hellin Moro, which is currently pending.

An EFE report said that bilateral relations with Spain could be hurt if the extradition of Hellin Moro, who has been convicted of murdering Yolanda Gonzalez, is not granted.

Rafael Garcia Arana was tried by the 25th Precinct Court in Madrid on charges of swindling 300 million pesetas from Intermediacion de Activos S.A.. Interpol located Garcia in Paraguay in January and he was arrested in Asuncion on 26 May.

The Spanish Embassy presented the extradition request and the records of the cases on 14 July. However, the Paraguayan judge in charge of the case ordered the release of Garcia, arguing that no extradition petiton had been filed at his court after the 2-month detention period provided by the extradition treaty with Spain.

The Paraguayan judge apparently ordered the release of Garcia after the presentation of a petition of habeas corpus on his behalf, without considering the extradition petition filed against him.

At this time the police do not know where Garcia Arana is and do not rule out the possibility that he could have left the country.

Troops Search for Weapons in Alto Parana

PY3108191989 Asuncion ABC COLOR in Spanish 31 Aug 89 p 11

[By correspondent Hector Guerin]

[Text] Ciudad del Este—Personnel of the Army Border Battalion and of the Alto Parana Interior Ministry office have inspected some 300 airstrips in the Alto Parana Department. They are looking for weapons. Lieutenant

Colonel Jorge Caballero, the commander of the Army Border Battalion, has said that they have intensified their search after receiving information that a plane coming from Bolivia had apparently landed in that region.

Caballero reported that the investigation began in May following an INTERPOL report that an alleged arms trafficker was about to receive an arms shipment in Paraguay. Based on this report, military troops from Asuncion arrested Elizabeth Maria Clara Knital de Muller and German citizen Wolgang Karl Muller.

The couple was taken to Asuncion where the subsequent investigation proved that they were not the people whom the military were seeking. There were further reports, however, that the arms shipment had arrived in Paraguay.

These reports, Caballero said, led the Army troops to conduct operations in more than 30 airstrips of the region.

Last week the Army troops conducted their most recent operation to find the arms upon receiving information that a plane coming from Bolivia was overflying the region apparently to take away or to bring arms.

Caballero said that the unsuccessful military operation was carried out at several airstrips including that of Carlos Barreto Sarubbi [former Ciudad del Este mayor].

Caballero added that many reports on arms smuggling have recently circulated. He added that the operations that have been carried out so far have proved fruitless. Investigations, however, will continue, he said.

Defense Minister Brigadier General Angel Juan Souto Hernandez, retired, yesterday told ABC COLOR that he knew nothing about these operations. "Today (30 August) I left the Defense Ministry at 1330 and at that time nobody told me anything," he said. Souto suggested that we check with Colonel Eduardo Gilardone, the director of the General Directorate for Civil Aeronautics (DGAC), whom he could not find in his office at the international airport.

Senate First Vice President San Martin Dies

PY3108231489 Asuncion ULTIMA HORA in Spanish 31 Aug 89 p 9

[Excerpt] Dr Eduardo San Martin, a respectable and outstanding Colorado Party member, has died in Asuncion, causing deep regret in political and social circles. He held the office of first vice president of the Senate. [passage omitted]

Peru

Drug Cartel Leaders Existence in Country Denied

PY0109030089 Lima Television Peruana in Spanish 0100 GMT 1 Sep 89

[Text] Interior Minister Agustin Mantilla today categorically denied that members of the Medellin Cartel have entered Peru.

He reiterated that the border with Colombia was closed as a security measure. He added that the National Police are coordinating actions with Colombian police and with the garrisons that guard the border towns to prevent drug traffickers of the Medellin Cartel from entering Peru.

Minister Mantilla made these comments at the police headquarters, where the 8th anniversary of the creation of the police bomb squad was being celebrated.

Labor Ministry Reports End of Miners Strike

PY0109034089 Lima Television Peruana in Spanish 0100 GMT 1 Sep 89

[Text] Official Communique 23-89.

The Labor and Social Promotion Ministry would like to report to the workers, businessmen, and public in general that the National Federation of Miners and Metal Workers submitted a note at 1615 today indicating that the general indefinite strike that began on 14 August will be lifted at 0000 on 1 September.

The Labor and Social Promotion Ministry would like to convey its recognition to the miners in general. The ministry will continue to hold dialogues in the search for a solution to the problems of this important sector of the country.
Lima, 31 August 1989
Public Relations and Information Department of the Labor and Social Promotion Ministry

New Justice Minister Installed 31 Aug

PY3108192789 Lima Television Peruana in Spanish 1800 GMT 31 Aug 89

[Summary] Dra Maria Angelica Bockos Heredia de Grillo was sworn in today as the new justice minister during a ceremony held in the Golden Hall of the government palace.

Uruguay

Foreign Ministry Issues Communique on Lebanon

PY3108135189 Montevideo Radio Carve in Spanish 0930 GMT 31 Aug 89

[Report by Lino Torres]

[Text] The Uruguayan Government has stated its position regarding the situation in Lebanon through a Foreign Ministry communique released by Foreign Ministry Under Secretary Dr Jorge (Talice). Here is the communique:

The Uruguayan Government hereby expresses its strong and profound concern regarding the increased violence and armed clashes in Lebanon which, in the opinion of the UN secretary general, are now reaching an unprecedented level in the 14-year-old conflict.

Reflecting the sentiments of the Uruguayan people, who are linked to the noble Lebanese nation by traditional friendship ties, the Uruguayan Government joins the appeals made by other governments and peoples of the world to demand that any type of military action be immediately and effectively stopped.

The Uruguayan Government also ratifies its belief that it is necessary to increase both domestic and foreign efforts to ensure Lebanon's national unity, sovereignty, and independence and the withdrawal of all foreign military forces from Lebanese territory.

In conclusion, the Uruguayan Government hopes that the mediation of the heads of state of the Arab League—currently under way—and the UN Security Council efforts will be increased in this direction in order to ensure the ultimate pacification, national reconciliation, and free and peaceful sovereign existence of Lebanon.

Venezuela

Military Said Helping Colombia in War on Drugs

PA3108142789 Paris AFP in Spanish 0453 31 Aug 89

[Text] Caracas, 30 Aug (AFP)—Venezuelan Defense Minister General Filmo Lopez told newsmen today the Venezuelan Armed Forces are cooperating with Colombia's Armed Forces to repress drug traffickers "as we seek the same objectives, to find these people and eliminate them, if possible."

The minister made those remarks as he left a cabinet meeting, and said that Venezuela is reinforcing the military and police watch over the border with Colombia, where the situation "is normal."

Lopez said Venezuelan and Colombian military units are in permanent contact on the telephone. "We have a close and fraternal understanding. We are ready to help each other," the minister added.

* Socialist Deputy Tablante Seeks Ibanez' Arrest

33480262 Caracas EL NACIONAL in Spanish 26 Jul 89 p D2

[Excerpts] Yesterday the first vice president of the Chamber of Deputies requested of the Superior Court of Public Assets Protection not only the prosecution, but also the arrest of Blanca Ibanez, former private secretary of ex-President Jaime Lusinchi. Among the evidence that he claimed to have submitted to the court is the deposit to an account in a Miami bank of $6.1 million.

Tablante, who went to the Superior Court of Protection at 1500 hours together with attorney Humberto Mendoza D'Paola, asked the reporters to allow him to enter in order to post the bonds because the court would be closing its doors within a few minutes. He immediately entered the office of the court president, Silvestre Ortiz Bucaran, where photographers were allowed to take silent shots. Some time later, while the former finance minister, Manuel Azpurua, and attorney Augusto Matheus Pinto arrived to leave a document completing their statements, and the Chinese, Fo Hung Wing, departed after having read the records, Tablante went out to make a statement before entering again to respond to a demand for his own investigation made there by the AD [Democratic Action] deputy and the former governor of Nueva Esparta, Morel Rodriguez.

Keeping a Promise

"We are here fulfilling what we promised to the country in this battle we are waging against corruption in all areas. Today we submitted sufficient documentation to this court attesting to a very objective, serious investigation that we have been conducting for over 2 months, leading us to other countries, such as the United States, and to the discovery of bank accounts with deposits of over $6 million in the name of Mrs Blanca Ibanez. Today we are requesting her judicial arrest, as well as the precautionary confiscation of all the assets she has in the country."

Tablante reiterated: "We have submitted very extensive documentation, consisting of over 30 pages, and more than 200 documents with proof. Each one of the different crimes cited: abuse of authority, influence peddling, and illicit enrichment, has been sufficiently proven in the documents that we have presented. This is not a charge based on "notitia criminis" [reputed crime], requesting an investigation; rather, we are certain that there is a series of crimes, and we hope that the court, based on the bonds that we have posted, will make the decision that the country expects."

A reporter told him that he was struck by the fact that he, Tablante, who has always worked in agreement with the chairman of the Comptroller's Commission, Deputy Douglas Dager, went to the Seventh Court of Criminal Proceedings and the Court of Protection yesterday to bring the charge against her. He asked him whether he considered Blanca Ibanez to be a high-ranking official, as she has claimed to be.

"The fact is that, besides requesting the judicial arrest of Mrs Ibanez, we are seeking the arrest of former Minister Cesar Quintana and the judicial arrest of the former president of the Simon Bolivar Center, Arnaldo Morales Jattar. They were really high-ranking officials, and it is incumbent on this court to hear the cases in which they are implicated. We have not come here just because we think that Mrs Ibanez has the specific rank requiring that any suit must be heard by this highest court, but rather because there is a group of former high-ranking officials connected with her, including the ex-president of the Republic himself. For this reason, we are not precluding a suit even being brought soon before the Supreme Court of Justice." [passage omitted]

"We are working against time and with very few resources. We would like to have more cooperation from the government. We are not the ones who should be conducting this investigation. It is the police who should be hunting for

those who defrauded the nation. I regret that the government has not acted with all the firmness that the president predicted in his statements. And we ourselves have had to play the role of judges, policemen, and prosecutors. There has been a power vacuum in the country. The institutions are operating at present. We have a Superior Court of Protection; we have an attorney general of the Republic. We have agencies in operation, and we want to support them and submit all our investigations to them, formalizing them, because we believe that we are living in the shining hour of Venezuelan justice."

When asked whether he had requested a ban on leaving the country for Blanca Ibanez, Cesar Quintana, and Morales Jattar, he repeated:

"We are requesting her judicial arrest. Of course, in order to arrest her, we must first locate her. The judges will have to analyze the documents that we have submitted, our evidence, and decide with complete independence."

He said that there are 200 documents in the 32 annexes submitted. Tablante added that the accusations relate to "the Simon Bolivar and John Paul II Center: illicit enrichment. It is not just country houses, land, and horses that are involved. We have submitted evidence of purebred horses in the name of Mrs Blanca Ibanez' son. The status of Mrs Ibanez' son is certainly very interesting. At the age of only 22, he was a general commissioner of Disip [Directorate of Intelligence and Prevention Services], and worked for CANTV [National Telephone Company of Venezuela] at a salary of 3,000 bolivares. He was the owner of purebred horses at the racetrack and, at the same time, the owner of apartments and houses, with bank accounts abroad containing very large sums of money. And of course, former Minister Quintana, because he was responsible for all the account items approved by the president of the Republic, and could grant contracts involving millions, without any call for bids, to individuals having family connections with Mrs Ibanez."

Lusinchi Is 'Nervous'

He was asked: "Has former President Lusinchi talked with you since you announced that you intended to charge Mrs Ibanez?"

"As all of you know, former President Lusinchi is going about very nervous, making threats, talking, and discrediting; but we are here keeping our promise to the country and thereby dispelling the rumors that were circulating to the effect that Mrs Ibanez and Mr Lusinchi had bought us. We are here keeping our promise to Venezuela. And we shall do so in the Beto Finol case as well."

He noted that the documentation submitted consists of over eight accounts from two bank agencies: North Ridge Bank and its Oakland Boulevard branch, in Miami.

"Some accounts belong to Blanca Ibanez, exceeding $6.1 million, and the others belong to her son, Carlos Alfredo Garcia Ibanez. The first one opened by her son on 1 March 1989 contains $781,000 and the second, opened last Friday, 21 July, was in the amount of $138,000."

He was asked: "When were Blanca Ibanez' accounts opened?"

"The first one was opened in December 1982, a time when Jaime Lusinchi was a candidate for the presidency, and it was opened with $3.7 million, 2 months before the devaluation of the bolivar on Black Friday, 18 February 1983."

"Since when have the Finols been owners of that bank?"

"Since 1981."

Guyana

Hoyte Holds News Conference on Suriname Visit

FL3108230689 Bridgetown CANA in English 2148 GMT 31 Aug 89

[By Courtney Gibson; quotation marks as received]

[Text] Georgetown, Guyana, Aug 31, CANA—Guyana's President Desmond Hoyte on Thursday described as "very important" border dispute talks he held last week with his Surinamese counterpart Ramsewak Shankar.

"...We have decided that we would reactivate the border commission so that we can discuss matters and deal with this issue in a very orderly and constructive manner.

"The great thing is that being two friendly neighbours, we will not behave like dogs in a manger." Hoyte told a press conference summoned to discuss the outcopme of his August 23-25 state visit to Suriname.

He noted that at the heart of the problem, insofar as the maritime boundary between the two countries is concerned, is the question as to whether the boundary runs north, east, or north west. "If it runs north-east as we conclude, then there is a certain area which is very important to us because there are indications of petroleum deposits there and, therefore, that area would fall within Guyana's jurisdiction," Hoyte said.

He added: "If it runs north-west as the Surinamese contend, well then it means that that area will fall within the jurisdiction of Suriname.

"So there is a triangle where the jurisdiction has not been finally settled and what we agreed is that we would not do anything to prevent development in that area."

The Guyanese leader also noted it was decided that pending a settlement of the border issue, representatives of the agencies responsible for petroleum development within the two countries should agree on the modalities which would ensure that the opportunities available can be jointly utilised by the two countries. He said joint utilization did not necessarily mean the setting up of joint ventures.

And, on the question of Suriname's decision to proceed with its Kabalebo hydro-power project in western Suriname, Hoyte noted that Guyana's support for that project was important because the Surinamese intend to use the waters of the Corentyne River which forms the boundary between the two countries.

"...That will have environmental consequences for us (Guyana) so there will have to be discussions of these matters," Hoyte said.

He explained further that multilateral financial institutions are now not likely to finance projects such as hydro electricity projects which interfere with the environment, unless environmental concerns are addressed and environmental impact studies are conducted.

Responding to questions about another aspect of the Guyana-Suriname border issue—differences about the source of the Corentyne River which have given rise to a dispute over an area to the far south of the two countries referred to as the new river triangle—the Guyanese president said this matter will be dealt with within the border commission.

The border issue between the two countries was a very active one during the late 1970's when the two countries seemed close to a solution but in recent years it had been placed on the back burner becausse of a number of reasons, including internal problems in Suriname. The issue was, however, reopened in March this year when President Shankar pair a three-day state visit to Guyana and it was decided to reactivate the border commission which will operate within the framework of the Guyana-Suriname Co-operation Council which was put into operation last July 19.

No Agreement Reached as IMF Group Leaves

FL3108141589 Bridgetown CANA in English 1912 GMT 30 Aug 89

[Text] Georgetown, Guyana, Aug 30, CANA—A team of representatives of the International Monetary Fund (IMF) was leaving on Wednesday after three weeks of inconclusive talks aimed at revamping the government's Economic Recovery Programme [ERP] for the rest of this year.

A senior official close to the talks told CANA that the talks will continue in Washington late next month coinciding with the annual general meeting of the IMF and the World Bank.

"Things are on hold. One can't say that agreement has been reached as yet. But the discussions are to continue-...and some compromise might have to be agreed on," the source explained.

"Guyana is not an easy case," he added, stressing that the government's need for revamping its IMF-monitored programme was due largely to the prolonged post-budget strikes in the bauxite and sugar industries earlier this year which forced the programme off target as regards revenue forecasts.

The government, the source also noted, is yet to settle the wages issue with the trade unions.

But the government, the official added, is still hoping to enter into an enhanced structural adjustment programme and into a standby arrangement with the IMF by January next year.

The IMF team arrived here August 7 amidst warnings from the government that harder times could be ahead because its Economic Recovery Programme which was off target would have to be renegotiated with the IMF.

The team also arrived here amidst much speculation that the Guyana dollar, devalued by 70 per cent when the budget was presented on March 31, would be devalued again.

The government meanwhile, has been contending that while it does not believe that another devaluation was necessary at this time, it should not be ruled out.

While here, the IMF team spent most of its time locked in discussions at the Bank of Guyana on the technical aspects of the programme. The Guyana team during those talks was led by Governor of the Bank of Guyana Pat Matthews.

The IMF team also held discussions with Finance Minister Carl Greenidge who led the Guyana team during talks on policy matters.

In addition, the IMF team met and held separate talks with representatives of the Guyana Trades Union Congress (GTUC) and the Guyana Manufacturers' Association (GMA).

Both the labour and manufacturers' representatives reported afterwards that they told the IMF team in no uncertain manner that another devaluation of the dollar could have disastrous consequences for Guyana.